

**ZODIAC CLOTHING  
COMPANY INC.**

**Final Accounts**

*6 June 2017*

*Registered office:*

C/o, 160, Greentree Drive,  
Suite 101,  
City of Dover,  
County of Kent, 19904.  
U.S.A.

## ZODIAC CLOTHING COMPANY INC.

### Final Accounts

6 June 2017

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## **Independent Auditors' Review Report of ZODIAC CLOTHING COMPANY INC.**

We have reviewed the accompanying final accounts of **ZODIAC CLOTHING COMPANY INC.** (the "Company"), which comprises of the statement of financial position as at 6 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the final accounts, including a summary of significant accounting policies and explanatory notes.

The management is responsible for the preparation and the fair presentation of these final accounts in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these final accounts based on our review set out on pages 2 to 10.

### **Scope of review:**

We conducted our review in accordance with International Standard on Review Engagements 2400. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We draw attention to Note 1(c) to these final accounts, which states that the final accounts of the company having been prepared on a liquidation basis in view of the voluntary wind up of the company, as per board resolution dated 6 June 2017 and approved by State of Delaware, USA, on 15 June 2017.

### **Conclusion:**

Based on our review, except for effect of the matters stated in above paragraph, we believe that the accompanying final accounts are prepared fairly, in all material aspects and no material modifications are required to be made to these final accounts for the period ended 6 June 2017.

  
For KSI Shah & Associates  
Dubai, U.A.E.  
Signed by:  
Sonal P. Shah (Registration No. 123)

3 May 2018



**ZODIAC CLOTHING COMPANY INC.****Statement of Financial Position***At 6 June 2017*

	<i>Notes</i>	<b>6 June 2017 US \$</b>	<b>31 March 2017 US \$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivable		-	2,485
Cash and cash equivalents	5	-	30,513
		<u>-</u>	<u>32,998</u>
<b>TOTAL ASSETS</b>		<u>-</u>	<u>32,998</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	6	10,000	10,000
Accumulated (losses)		-	(13,645)
<b>Equity funds</b>		-	(3,645)
Shareholder's loan account	7	-	27,509
Shareholder's current account	8	(10,000)	-
<b>Total equity funds</b>		<u>-</u>	<u>23,864</u>
<b>Current liability</b>			
Accruals		-	9,134
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>-</u>	<u>32,998</u>

*The accompanying notes 1 to 10 form an integral part of these final accounts.*


*The Independent Auditors' Review Report is set forth on page 1.*

*Approved by the board of directors on 3<sup>rd</sup> May 2018 and signed on their behalf by:*

**For ZODIAC CLOTHING COMPANY INC.**



**Mr. Mohamed Anees Noorani**  
Director



**Mr. Salman Yusuf Noorani**  
Director

**ZODIAC CLOTHING COMPANY INC.**

**Statement of Comprehensive Income**  
*for the period ended 6 June 2017*

	<i>1 Apr. 2017 to 6 Jun. 2017 <u>US \$</u></i>	<i>1 Apr. 2016 to 31 Mar. 2017 <u>US \$</u></i>
Other administrative expenses	(1,794)	(4,062)
<b>(Loss) for the period/year</b>	<b>(1,794)</b>	<b>(4,062)</b>
Other comprehensive income	—	—
<b>Total comprehensive income for the period/year</b>	<b><u>(1,794)</u></b>	<b><u>(4,062)</u></b>

*The accompanying notes 1 to 10 form an integral part of these final accounts.*

## ZODIAC CLOTHING COMPANY INC.

### Statement of Changes in Equity for the period ended 6 June 2017

	<i>Share capital</i> <u>US \$</u>	<i>Accumulated (losses)</i> <u>US \$</u>	<i>Shareholder's loan / current account</i> <u>US \$</u>	<i>Total</i> <u>US \$</u>
<b>As at 31 March 2016</b>	<b>10,000</b>	<b>(9,583)</b>	<b>25,102</b>	<b>25,519</b>
Funds introduced by shareholder	-	-	2,407	2,407
Loss for the year	-	<u>(4,062)</u>	-	<u>(3,734)</u>
<b>As at 31 March 2016</b>	<b>10,000</b>	<b>(13,645)</b>	<b>27,509</b>	<b>23,864</b>
Loss for the period	-	(1,794)	-	(1,794)
Funds introduced by shareholder	-	-	3,015	3,015
Loss transferred on dissolution	-	15,439	(15,439)	-
Distribution on dissolution	-	-	(30,448)	(30,448)
Debit and credit balances transferred	-	-	<u>5,363</u>	<u>8,378</u>
<b>As at 6 June 2017</b>	<b><u>10,000</u></b>	<b><u>-</u></b>	<b><u>(10,000)</u></b>	<b><u>-</u></b>

*The accompanying notes 1 to 10 form an integral part of these final accounts.*

## ZODIAC CLOTHING COMPANY INC.

## Statement of Cash Flows

for the period ended 6 June 2017

	<i>Notes</i>	<i>1 Apr. 2017 to 6 Jun. 2017</i>	<i>1 Apr. 2016 to 31 Mar. 2017</i>
		<u>US \$</u>	<u>US \$</u>
<b><u>Cash flows from operating activities</u></b>			
Operating (loss) before working capital changes		(1,794)	(4,062)
Changes in other receivables		2,485	133
Changes in accruals		<u>(9,134)</u>	<u>781</u>
<b>Net cash (used in) operating activities</b>		<b><u>(8,443)</u></b>	<b><u>(3,148)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Funds introduced by a shareholder (net)		3,015	2,407
Debit and credit balances transferred to shareholder		5,363	-
Funds distributed on dissolution to the shareholder		<u>(30,448)</u>	<u>-</u>
<b>Net cash from financing activities</b>		<b><u>(22,070)</u></b>	<b><u>2,407</u></b>
<b>Net changes in cash and cash equivalents</b>		<b>(30,513)</b>	<b>(741)</b>
<b>Cash and cash equivalents at beginning of the period/year</b>		<b><u>30,513</u></b>	<b><u>31,254</u></b>
<b>Cash and cash equivalents at end of the period/year</b>	5	<b><u>-</u></b>	<b><u>30,513</u></b>

The accompanying notes 1 to 10 form an integral part of these final accounts.

**ZODIAC CLOTHING COMPANY INC.**

*(Incorporated in the State of Delaware, U.S.A.)*

**Notes to the Final Accounts**

*for the period ended 6 June 2017*

**1. Legal status and business activity**

- a) **ZODIAC CLOTHING COMPANY INC.** (“The Company”) is a corporation registered in the state of Delaware, United States of America on 22<sup>nd</sup> July, 2008.
- b) The company is established to carry out trading in men’s garments. During the year, the company has not carried out any commercial activity.
- c) As per the board resolution dated 6 June 2017, the directors of the company have decided to voluntarily wind up the company and the resolution to that effect was approved by State of Delaware, USA, on 15 June 2017.

**2. Basis of preparation**

- a) As a result of the intention to voluntarily wind up the company, the company’s final accounts have been prepared using the liquidation basis of accounting.

**b) Basis of measurement**

The final accounts have been prepared using liquidation basis of accounting as stated in note 2 (a).

**c) Functional and presentation currency**

These final accounts have been prepared in the United States Dollars, which is the company’s functional and presentation currency.

**3. Use of estimates and judgment**

The preparation of the final accounts in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Judgments made in applying accounting policies**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the final accounts are as follows:



## ZODIAC CLOTHING COMPANY INC.

### Notes to the Final Accounts for the period ended 6 June 2017

#### **Impairment**

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to income statement or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

#### **Key sources of estimation uncertainty and assumptions**

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Doubtful debt provision***

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

#### ***Impairment***

Assessments of net recoverable amounts of property, plant, equipment, intangible assets, investments and all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

## **4. Significant accounting policies**

### **a) Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

**ZODIAC CLOTHING COMPANY INC.****Notes to the Final Accounts**  
*for the period ended 6 June 2017***Financial assets***Non derivative financial assets**Initial Recognition and Measurement*

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financials assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent Measurement*

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

During the period, the company has no non-derivative financial assets.

**b) Other receivables**

Provision is made for doubtful debts. Bad debts are written off when there is no possibility of recovery.

**c) Impairment of financial assets**

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

**d) Other payables**

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

## ZODIAC CLOTHING COMPANY INC.

### Notes to the Final Accounts for the period ended 6 June 2017

#### e) Provision

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

#### f) Sales

Sales will represents net amount invoiced for goods delivered during the year.

#### g) Income tax

Taxation is provided in accordance with the relevant fiscal regulation of the country in which the company operates.

#### h) Foreign currency transactions

Transactions in foreign currencies are converted into US Dollar at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the reporting date. Resulting exchange gains/losses are taken to the income statement.

#### i) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

### 5. Cash and cash equivalents

Bank balance:

In a current account <sup>a</sup>

<i>6 June</i>	<i>31 March</i>
<i>2017</i>	<i>2017</i>
<i>US\$</i>	<i>US\$</i>

_____ -	<u><b>30,513</b></u>
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<sup>a</sup> Closed on 19 May 2017.

## ZODIAC CLOTHING COMPANY INC.

### Notes to the Final Accounts for the period ended 6 June 2017

	<i>6 June 2017 US \$</i>	<i>31 March 2017 US \$</i>
<b>6. Share capital</b>		
Authorised, subscribed, issued and paid up Shares 10,000 @ US \$ 1/- <sup>a</sup>	<u>10,000</u>	<u>10,000</u>

<sup>a</sup> Held by Zodiac Clothing Company (U.A.E.) LLC, Dubai.

### 7. Shareholder's loan account

This represents long term loan account balance of Zodiac Clothing Co. (U.A.E.) L.L.C., a sole shareholder of the company, repaid during the year.

### 8. Shareholder's current account

This amount represents current account balance of Zodiac Clothing Co. (U.A.E.) L.L.C., the sole shareholder of the company.

### 9. Contingent liability

There was no contingent liability of significant amount outstanding as at the reporting date.

### 10. Comparative figures

- a) Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the presentation adopted in the current year.
- b) Current period figures are of 3 months only and pertains to the dissolution accounts, hence cannot be comparable with that of previous year.

**ZODIAC CLOTHING COMPANY  
(U. A. E.) LLC**

**Financial Statements**

*31 March 2018*

***Registered Office:***

P.O. Box 50545  
Dubai, U.A.E.

# ZODIAC CLOTHING COMPANY (U.A.E.) LLC

## Financial Statements

31 March 2018

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## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Director's Report

Your directors submit their report and accounts for the year ended 31 March 2018.

#### Results and dividend

The profit for the year amounted to AED 686,026/-. The shareholders have approved the payment of interim dividend of AED 3,120,000/- from the accumulated profits and the same may be treated as final dividend for the year ended 31 March 2018.

#### Review of the business

The company is registered for manufacturing of ready-made garments and wholesale trade of ready-made garments and accessories. During the year, the company was solely engaged in its wholesale trading of ready-made garments.

#### Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

#### Shareholders and their interests

The shareholders at 31 March 2018 and their interests as of that date in the share capital of the company were as follows:

	<i>Nationality</i>	<i>No. of shares</i>	<i>AED</i>
Mrs Muna Mahmood Mohd. Mahmood	U.A.E.	153	153,000
M/s. Zodiac Clothing Company S.A.	Switzerland	<u>147</u>	<u>147,000</u>
		<u>300</u>	<u>300,000</u>

#### Auditors

A resolution to re-appoint **KSI Shah and Associates** as auditors and fix their remuneration will be put to the members at the annual general meeting.



**Mr. Mohamed Anees Noorani**  
Director



## **Independent Auditors' Report to the Shareholders/Directors' of ZODIAC CLOTHING COMPANY (U.A.E.) LLC**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** (the "Company"), which comprises of the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

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

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

#### **Other Information**

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



## **Independent Auditors' Report to the Shareholders/Directors' of ZODIAC CLOTHING COMPANY (U.A.E.) LLC**

### **Report on the Audit of the Financial Statements (contd.)**

#### **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## Independent Auditors' Report to the Shareholders/Directors' of ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Report on the Audit of the Financial Statements (contd.)

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

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

Further as required by the UAE Federal Law No (2) of 2015, we report that:

- i) we have obtained all the information necessary for the purpose of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No (2) of 2015, and the articles of association of the company
- iii) the company has maintained proper books of account
- iv) the financial information in the Director's Report is consistent with the books of account of the company
- v) the company has not made any investments in shares and stocks during the year ended 31 March 2018.
- vi) note 19 reflects material related party transactions and terms under which they were conducted.
- vii) based on the information made available to us, nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 March 2018 any of the applicable provisions of the UAE Federal Law No (2) of 2015 or of its activities which would materially affect its activities or its financial position as at 31 March 2018.

For KSI Shah & Associates  
Dubai, U.A.E.

Signed by:  
Sonal P. Shah (Registration No. 123)



3 May 2018



## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Statement of Financial Position

At 31 March 2018

	<i>Notes</i>	<i>2018</i> <i>AED</i>	<i>2017</i> <i>AED</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	958,425	765,239
Intangible asset	7	-	-
Investment in subsidiaries	8, 19	-	36,720
Long term loan to a subsidiary	9, 19	-	101,013
		<u>958,425</u>	<u>902,972</u>
<b>Current assets</b>			
Inventories	10	779,520	439,523
Trade and other receivables	11	15,984,145	15,711,817
Prepayments		46,804	48,446
Due from related parties	19	5,582,741	8,078,754
Cash and bank balances	12	1,416,435	2,167,802
		<u>23,809,645</u>	<u>26,446,342</u>
<b>TOTAL ASSETS</b>		<u>24,768,070</u>	<u>27,349,314</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	300,000	300,000
Statutory reserve	14	150,000	150,000
Accumulated profits		22,723,919	25,157,893
<b>Total equity funds</b>		<u>23,173,919</u>	<u>25,607,893</u>
<b>Non-current liabilities</b>			
Staff end of service gratuity		15,694	33,538
Retention payable		26,018	-
		<u>41,712</u>	<u>33,538</u>
<b>Current liabilities</b>			
Trade and other payables	15, 19	571,160	812,155
Due to related parties	19	981,279	895,728
		<u>1,552,439</u>	<u>1,707,883</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>24,768,070</u>	<u>27,349,314</u>

The accompanying notes 1 to 27 form an integral part of these financial statements.


The Independent Auditors' Report is set forth on pages 2 to 4.

Approved by the shareholders on 03<sup>rd</sup> May 2018 and signed on their behalf by;

For ZODIAC CLOTHING COMPANY (U.A.E.) LLC



Mr. Mohamed Anees Noorani  
Director



Mrs. Muna Mahmood Mohd. Mahmoud  
Director & Shareholder

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Statement of Comprehensive Income for the year ended 31 March 2018

	<u>Notes</u>	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>Continuing operations:</b>			
<b>Sales</b>	16	7,915,409	11,075,931
Cost of sales	17, 19	(7,213,035)	(10,216,635)
<b>Gross profit</b>		<b>702,374</b>	<b>859,296</b>
Foreign currency exchange gain		318,788	531
Other income		505,605	-
Expenses	18, 19	(834,801)	(8,918)
<b>Profit from operations</b>		<b>691,966</b>	<b>850,909</b>
Finance costs	19, 20	(28,315)	-
<b>Profit for the year from continuing operations</b>		<b>663,651</b>	<b>850,909</b>
<b>Discontinued operations:</b>			
Profit/(loss) for the year from discontinued operations	22	22,375	(731,572)
<b>Profit for the year</b>		<b>686,026</b>	<b>119,337</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b><u>686,026</u></b>	<b><u>119,337</u></b>

The accompanying notes 1 to 27 form an integral part of these financial statements.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Statement of Changes in Equity for the year ended 31 March 2018

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Accumulated profits AED</i>	<i>Total AED</i>
As at 31 March 2016	300,000	150,000	29,125,836	29,575,836
Dividend paid during the year	-	-	(4,087,280)	(4,087,280)
Profit for year	-	-	119,337	119,337
<b>As at 31 March 2017</b>	<b>300,000</b>	<b>150,000</b>	<b>25,157,893</b>	<b>25,607,893</b>
Dividend paid during the year	-	-	(3,120,000)	(3,120,000)
Profit for year	-	-	686,026	686,026
<b>As at 31 March 2018</b>	<b><u>300,000</u></b>	<b><u>150,000</u></b>	<b><u>22,723,919</u></b>	<b><u>23,173,919</u></b>

*The accompanying notes 1 to 27 form an integral part of these financial statements.*

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Cash Flows  
for the year ended 31 March 2018

	<i>Notes</i>	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		686,026	119,337
Adjustment for:			
Depreciation		143,297	217,442
(Profit) on sale of machine and equipment		(3,605)	(141,149)
Loss on dissolution of a subsidiary		56,760	-
Finance costs		28,315	55,639
Provision for staff end of service gratuity		4,754	17,197
<b>Operating profit before working capital changes</b>		<b>915,547</b>	<b>268,466</b>
Changes in inventories		(339,997)	653,141
Changes in trade and other receivables		(272,328)	2,622,384
Changes in due from/due to related parties (net)		2,581,564	(1,502,588)
Changes in prepayments		1,642	55,077
Changes in trade and other payables		(240,995)	(530,461)
<b>Cash flow generated from operations</b>		<b>2,645,433</b>	<b>1,566,019</b>
Interest paid		(28,315)	(55,639)
Staff end of service gratuity paid		(22,598)	(447,167)
<b>Net cash from operating activities</b>		<b><u>2,594,520</u></b>	<b><u>1,063,213</u></b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment		(11,000)	(248,867)
Sale proceeds from machinery and equipment		3,605	1,138,621
Payments for capital work in progress		(325,483)	-
Changes in long term loans to subsidiaries (net)		80,973	(2,505,420)
Proceeds from closure/sale of a subsidiary		-	4,625,000
Changes in retention payable		26,018	-
Changes in margin and fixed deposit accounts		6,000	303,000
<b>Net cash (used in)/from investing activities</b>		<b><u>(219,887)</u></b>	<b><u>3,312,334</u></b>
<b><u>Cash flows from financing activities</u></b>			
Dividend paid to the shareholder		(3,120,000)	(4,087,280)
<b>Net cash (used in) financing activities</b>		<b><u>(3,120,000)</u></b>	<b><u>(4,087,280)</u></b>
<b>Net changes in cash and cash equivalents</b>		<b>(745,367)</b>	<b>288,267</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>2,035,802</u></b>	<b><u>1,747,535</u></b>
<b>Cash and cash equivalents at end of the year</b>	21	<b><u>1,290,435</u></b>	<b><u>2,035,802</u></b>

The accompanying notes 1 to 27 form an integral part of these financial statements.



## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

(Incorporated in the Emirate of Dubai)

### Notes to the Financial Statements

for the year ended 31 March 2018

#### 1. Legal status and business activity

- a) ZODIAC CLOTHING COMPANY (U.A.E.) LLC ("The Company") is a limited liability company registered in the Emirate of Dubai, under industrial license no. 301266, in accordance with the provisions of the U.A.E. Commercial Companies Law No. 2 of 2015.
- b) The company is registered for manufacturing of ready-made garments and wholesale trade of ready-made garments and accessories. During the year, the company was solely engaged in its wholesale trading of ready-made garments.
- c) During the year, a 100% subsidiary of the company, namely, Zodiac Clothing Co. INC, U.S.A., have been dissolved effective 15 June 2017 and approved by State of Delaware on 15 June 2017. During the previous year, the company had sold its investment in a 100% subsidiary, namely Zodiac Properties Limited, an International Company registered with Ras Al Khaimah Free Trade Zone Authority, U.A.E. effective 26<sup>th</sup> January 2017.
- d) The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (U.A.E. National) (51%) and M/s. Zodiac Clothing Company S.A. (Switzerland) (49%).

#### 2. Basis of preparation

- a) These financial statements do not include the financial statements of its subsidiary companies. The consolidated financial statements for the group are prepared by the ultimate holding company Zodiac Clothing Company Limited, India.

#### b) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2017 and the applicable requirements of the Company Commercial Law number 8 of 1984.

#### c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements***for the year ended 31 March 2018***Basis of measurement (contd.)**

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**d) Functional and presentation currency**

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

**3. Use of estimates and judgement**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Judgments made in applying accounting policies**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

***Impairment***

At each reporting date, management conducts an assessment of property, plant and equipment, intangible assets, investments and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to income statement or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

***Classification of investment as a subsidiary***

The company has classified its 100% investment in Zodiac Properties Limited (till 26<sup>th</sup> January 2017) and Zodiac Clothing Co INC (till 15<sup>th</sup> June 2017), as its' subsidiaries, considering all relevant circumstances, the management is of the opinion that it is in a position to control the investee company.



**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2018***Key sources of estimation uncertainty and assumptions**

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

***Residual values of property, plant and equipment***

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

***Estimated useful life of property, plant and equipment***

Management determines the estimated useful lives and depreciation charge for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

***Carrying value of intangible assets***

Carrying values of the intangible assets are assessed for premiums as commanded by the market forces on a periodic basis. Based on such assessments the premiums are reduced to their estimated market valuation.

***Inventory provision***

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

***Doubtful debt provision***

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

***Impairment***

Assessments of net recoverable amounts of property, plant and equipment, intangible assets, investments and all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements***for the year ended 31 March 2018****Fair value measurements and valuation processes***

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The directors ensure that the appropriate valuation techniques are employed to measure fair value and these are regularly reviewed to understand the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 24.

***Staff end-of-service gratuity***

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

**4. Adoption of new and revised International Financial Reporting Standards****a) New and revised International Financial Reporting Standards**

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- IAS 7 – Statement of Cash Flows-Disclosure Initiative Amendment
- IAS 12 – Recognition of Deferred Tax Assets for Unrealized losses
- Amendments to IFRS 12 as per annual improvements to IFRS standards 2014-16 cycle

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements.

Their adoption has resulted in presentation and disclosure changes only.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Notes to the Financial Statements for the year ended 31 March 2018

#### b) International Financial Reporting Standards issued but not effective

Amendments to IFRS 2- Classification and Measurement of Share- based Payment Transactions- The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 9 – Financial Instruments (July 2014 version) this replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

IFRS17 -Insurance Contracts The effective date of the standard is set for annual periods beginning on or after 1 January 2021.

Amendment to IAS 28 (long term interest in Associates and Joint Ventures The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

Amendments to IAS 40 – Transfer of Investment Property- The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

Amendments to IFRSs- Annual improvements to IFRS Standards 2014-16 Cycle

IFRIC22- Foreign Currency Transactions and Advance Consideration- The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRIC23-uncertainty of Income Tax Position- The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 5. Significant accounting policies

### a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated by equal annual installments over their estimated useful lives as under:

Factory building	10 years
Plant and machinery	8 years
Furniture and office equipment	10 years
Vehicles	5 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

Capital work in progress is stated at cost less accumulated impairment, if any and is transferred to respective items of property and equipment as and when available for intended use. No depreciation is charged on capital work-in-progress.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Notes to the Financial Statements for the year ended 31 March 2018

#### b) Intangible asset

Intangible asset represents goodwill for the excess of the purchase price over the fair value of tangible and identifiable intangible assets and liabilities of business acquired. Goodwill paid will be amortised over a period of ten years on pro rata basis.

#### c) Investment in subsidiaries

Subsidiary is an entity (investee) which is controlled by another entity (*the Parent or the Investor*). The control is based on whether –

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) It has the ability to use its power to affect the amount of the returns.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Investment in subsidiaries was stated at cost less provision for impairment if any.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

#### d) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

#### Financial assets

##### *Non derivative financial assets*

##### *Initial Recognition and Measurement*

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financials assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2018****Subsequent measurement***

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

During the year, company has non-derivative financial assets in the form of loans and receivables only.

***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in income statement when the loans and receivables are derecognized or impaired, and through the amortization process.

***Offsetting of financial assets and liabilities***

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

**e) Inventories**

Raw materials (consisting of leftover) and finished ready-made garments goods are valued at the lower of cost and net realisable value.

Cost comprises of material cost, labour and attributable overheads.

Net realisable value is based on estimated selling price less any estimated cost to completion and disposals.

**f) Trade and other receivables**

Trade receivables are carried at the original invoice amount to the customers.

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements***for the year ended 31 March 2018***g) Impairment of financial assets**

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

**h) Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

**i) Trade and other payables**

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

**j) Provision**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2018***k) Staff end of service benefits**

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

**l) Value Added Tax**

The revenue, expenses and assets are recognised net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, FTA is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

**m) Revenue recognition****Sales of goods**

Sales represents net amount invoiced for goods delivered during the year. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is disclosed net of value-added tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other income is accounted on accrual basis.

**n) Foreign currency transactions**

Transactions in foreign currencies are converted into U.A.E. Dirhams at the approximate rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting gain or loss is taken to the statement of comprehensive income.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements  
for the year ended 31 March 2018

## o) Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash, bank balances in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

## p) Dividend

Dividend is paid out of accumulated profits, when declared.

6. Property, plant and equipment	Capital work in progress <sup>a</sup> AED	Factory building <sup>b</sup> AED	Plant and Machinery AED	Furniture and office equipment AED	Vehicles AED	Total AED
<b>Cost</b>						
As at 01.04.2017	-	4,174,658	494,811	691,232	182,500	5,543,201
Additions	325,483	-	-	11,000	-	336,483
Disposals	-	-	-	(23,160)	-	(23,160)
As at 31.03.2018	<u>325,483</u>	<u>4,174,658</u>	<u>494,811</u>	<u>679,072</u>	<u>182,500</u>	<u>5,856,524</u>
<b>Depreciation</b>						
As at 01.04.2017	-	3,754,171	494,718	400,946	128,127	4,777,962
Charge for the year	-	65,632	58	50,307	27,300	143,297
Relating to disposals	-	-	-	(23,160)	-	(23,160)
As at 31.03.2018	-	<u>3,819,803</u>	<u>494,776</u>	<u>428,093</u>	<u>155,427</u>	<u>4,898,099</u>
<b>Net book value</b>						
As at 31.03.2018	<u>325,483</u>	<u>354,855</u>	<u>35</u>	<u>250,979</u>	<u>27,073</u>	<u>958,425</u>
As at 31.03.2017	<u>-</u>	<u>420,487</u>	<u>93</u>	<u>290,286</u>	<u>54,373</u>	<u>765,239</u>

<sup>a</sup> Represents amounts paid for factory building renovation of proposed additional office area to the existing ground floor and is expected to be ready for its intended use by December 2018 (refer note 26).

<sup>b</sup> Factory building is constructed on leasehold land in name of U.A.E. national shareholder.

In the opinion of management, there was no impairment in respect of any of the property, plant and equipment items. Hence, the fair values of the property, plant and equipment at reporting date are the same as their net book values.

	2018 AED	2017 AED
7. Intangible asset		
Amount paid for acquiring business	<u>4,419,548</u>	<u>4,419,548</u>
<b>Amortisation:</b>		
Opening balance	<u>4,419,548</u>	<u>4,419,548</u>
Closing balance	<u>4,419,548</u>	<u>4,419,548</u>
<b>Net book value</b>	<u>-</u>	<u>-</u>



## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Notes to the Financial Statements for the year ended 31 March 2018

	<b>2018</b>	<b>2017</b>
	<b><u>AED</u></b>	<b><u>AED</u></b>
<b>8. Investment in subsidiaries</b>		
Zodiac Clothing Company Inc. U.S.A. (100 % shareholding (refer note 1 (c)) 10,000 shares of US \$ 1/- each (converted @ 3.672)		
Opening balance	36,720	36,720
Written off during the year on dissolution	<u>(36,720)</u>	<u>-</u>
	<u>-</u>	<u>36,720</u>
Zodiac Properties Limited, R.A.K., U.A.E (100 % shareholding) (refer note 1 (c))		
Opening balance	-	10,000
Additional shares purchased during the year	-	18,490,000
Sold during the year	<u>-</u>	<u>(18,500,000)</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>36,720</u>
<b>9. Long term loan to a subsidiary</b>		
Zodiac Clothing Company Inc. U.S.A. <sup>a</sup>	<u>-</u>	<u>101,013</u>
<sup>a</sup> Represented an unsecured and interest free loan given to a subsidiary, without any repayment terms (refer note 19), received back during the year.		
	<b>2018</b>	<b>2017</b>
	<b><u>AED</u></b>	<b><u>AED</u></b>
<b>10. Inventories</b>		
Raw materials (leftover)	-	18,871
Finished inventories (leftover)	45,016	53,336
Trading inventories	<u>196,316</u>	<u>274,796</u>
	<b>241,332</b>	<b>347,003</b>
Goods in transit	<u>538,188</u>	<u>92,520</u>
	<u>779,520</u>	<u>439,523</u>
<b>11. Trade and other receivables</b>		
Trade receivables (refer note 19)	1,877,047	1,216,818
Advance to suppliers	256,873	312,294
Deposits	205,343	231,496
Staff advances	-	2,400
Other receivables <sup>a</sup>	<u>13,644,882</u>	<u>13,948,809</u>
	<u>15,984,145</u>	<u>15,711,817</u>

<sup>a</sup> Includes AED 13,565,000/- (previous year AED 13,875,000/-) receivable on account of sale of subsidiary and will be received on or before 31 March 2018, further extended to 31 March 2019, as agreed between the parties.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements  
for the year ended 31 March 2018

	<i>2018</i>	<i>2017</i>
	<i>AED</i>	<i>AED</i>
<b>12. Cash and bank balances</b>		
Cash on hand	1,659	537
Bank balance in:		-
Current accounts	1,288,776	2,035,265
Margin accounts ( <i>refer note 25</i> )	<u>126,000</u>	<u>132,000</u>
	<b><u>1,416,435</u></b>	<b><u>2,167,802</u></b>
<b>13. Share capital</b>		
300 shares of AED 1,000 each	<b><u>300,000</u></b>	<b><u>300,000</u></b>
<b>14. Statutory reserve</b>		
Statutory reserve is created by allocating 10% of the net profit of the company as required by Article 103 of the UAE Commercial Companies Law No. 2 of 2015 concerning Commercial Companies in the UAE. The company discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.		
	<i>2018</i>	<i>2017</i>
	<i>AED</i>	<i>AED</i>
<b>15. Trade and other payables</b>		
Trade payables ( <i>refer note 19</i> )	390,569	557,405
Advance from customers	3,497	3,497
Provision for leave salaries and air passage	5,442	5,580
Other payable	30,055	133,252
Accruals ( <i>refer note 19</i> )	<u>141,597</u>	<u>112,421</u>
	<b><u>571,160</u></b>	<b><u>812,155</u></b>
<b>16. Sales</b>		
Trading of shirts and ties	<b><u>7,915,409</u></b>	<b><u>11,075,931</u></b>
<b>17. Cost of sales</b>		
Opening inventories	367,316	720,167
Purchase of trading shirts ( <i>refer note 19</i> )	7,333,713	9,564,865
Other direct expenses ( <i>refer note 19</i> )	246,510	298,919
Closing work in progress	<u>(734,504)</u>	<u>(367,316)</u>
	<b><u>7,213,035</u></b>	<b><u>10,216,635</u></b>
<b>18. Expenses</b>		
Salaries and other benefits	137,464	664,441
Selling and distribution expenses	205,131	538,999
Other administrative expenses ( <i>refer note 19</i> )	292,149	871,043
Loss on dissolution of a subsidiary	56,760	-
Depreciation	<u>143,297</u>	<u>217,443</u>
	<b><u>834,801</u></b>	<b><u>2,291,926</u></b>
Pertains to discontinued operations ( <i>refer note 22</i> )	-	<u>(2,283,008)</u>
	<b><u>834,801</u></b>	<b><u>8,918</u></b>

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Notes to the Financial Statements for the year ended 31 March 2018

#### 19. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

The relationship of related parties is as under –

##### a) Major shareholders

1. Zodiac Clothing Company Limited, India
2. Zodiac Clothing Company SA, Switzerland
3. Mrs. Muna Mahmood Mohd. Mahmoud, Shareholder

##### b) Subsidiaries

1. Zodiac Clothing Company INC, USA (till 15<sup>th</sup> June 2017)
2. Zodiac Properties Limited, RAK, U.A.E. (till 26<sup>th</sup> January 2017)

##### c) Companies under common management control

1. Zodiac Metropolitan Clothing Company GMBH, Germany
2. Zodiac Metropolitan Clothing Company GMBH, UK
3. Onward LLC, U.A.E.
4. Zodiac (UAE) Ajman LLC, U.A.E.

The nature of significant related party transactions and the amounts involved are as under:

	<i>Major shareholders AED</i>	<i>Subsidiaries AED</i>	<i>Companies under common management control AED</i>	<i>Total 2018 AED</i>	<i>Total 2017 AED</i>
Sale of accessories (net)	-	-	-	-	64,969
Purchase of trading shirts/ties (refer note 17)	7,059,626	-	-	7,059,626	9,479,605
Sale of plant and equipment (refer note 6)	-	-	-	-	893,510
<b>Under other direct expenses (refer note 17)</b>					
Royalty expenses	-	-	-	-	4,891
Other expenses (net)	-	-	-	-	152,359



## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements  
for the year ended 31 March 2018

## Related party transactions (contd.)

	<i>Major shareholders AED</i>	<i>Subsidiaries AED</i>	<i>Companies under common management control AED</i>	<i>Total 2018 AED</i>	<i>Total 2017 AED</i>
<b>Under other administrative expenses</b>					
Sales commission	-	-	-	-	12,228
Management fees	76,050	-	-	76,050	74,062
Others	14,191	-	-	14,191	-
<b>Interest costs</b>	28,167	-	-	28,167	54,935
<b>Other transactions</b>					
Assets and liabilities transferred on dissolution of a subsidiary	-	19,694	-	19,694	-

At the reporting date balances with related parties were as follows:

	<i>Major shareholders AED</i>	<i>Subsidiaries AED</i>	<i>Companies under common management control AED</i>	<i>Total 2018 AED</i>	<i>Total 2017 AED</i>
<b>Included under non-current assets:</b>					
Investment in subsidiaries (refer note 8)	-	-	-	-	36,720
Long term loan to subsidiaries (refer note 9)	-	-	-	-	101,013
<b>Included under current assets:</b>					
Trade receivables (refer note 11)	-	-	-	-	97,248
Due from related parties	514,816	-	5,067,925	5,582,741	8,078,754
<b>Included under current liabilities:</b>					
Trade and other payables (refer note 15)	386,002	-	-	386,002	546,733
Due to related parties	981,279	-	-	981,279	895,728

The company also provides funds to related parties as and when required as working capital facilities without any interest.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements  
for the year ended 31 March 2018

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>20. Finance costs</b>		
To a bank	148	704
To shareholder (refer note 19)	<u>28,167</u>	<u>54,935</u>
	<b>28,315</b>	<b>55,639</b>
Pertains to discontinued operations (refer note 22)	-	<u>(55,639)</u>
	<u><b>28,315</b></u>	<u>-</u>
<b>21. Cash and cash equivalents</b>		
Cash on hand	1,659	537
Bank balance:		
Current accounts	<u>1,288,776</u>	<u>2,035,265</u>
	<u><b>1,290,435</b></u>	<u><b>2,035,802</b></u>
<b>22. Loss for the year from discontinued operations <sup>#</sup></b>		
Sales	49,566	136,856
Cost of sales	(27,191)	(124,402)
<b>Gross profit</b>	<b>22,375</b>	<b>12,454</b>
Other income	-	1,421,482
Profit / (loss) on sale of machinery and equipment	-	141,149
Foreign currency exchange gain loss	-	31,990
Expenses	-	<u>(2,283,008)</u>
<b>Profit/(loss) for the year</b>	<b>22,375</b>	<b>(675,933)</b>
Interest costs	-	<u>(55,639)</u>
<b>Profit/(loss) for the year from discontinued operations</b>	<u><b>22,375</b></u>	<u><b>(731,572)</b></u>
<b>Cash flows from discontinued operations</b>		
Net cash from operating activities	49,566	181,368
Net cash flow from investing activities	-	3,312,334
Net cash (used) in financing activities	-	<u>(4,087,280)</u>
<b>Net cash from/(used in) discontinued operations</b>	<u><b>49,566</b></u>	<u><b>(593,578)</b></u>

<sup>#</sup>Due to loss incurred in the manufacturing activities, the company discontinued its manufacturing operations during the previous year. Accordingly, results of manufacturing operations are reported as discontinued operations and the previous year's comparable information for income statement has been restated.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2018***23. Financial instrument risks**

The company has exposure to the following risks from use of its financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

**a) Credit risk**

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balances, trade and other receivables and due from related parties.

***Trade receivables***

As at 31 March 2018, the company's exposure on account of significant concentration of credit risk from trade receivables (*other than related parties*) situated within U.A.E amounted to AED 1,877,047/- due from two customers (*previous year AED 1,119,567/- due from two customers*).

There is no significant concentration of credit risk from trade receivables situated outside U.A.E. and outside the industry in which the company operates.

***Bank balances***

The company's bank balances in current, margin and fixed deposits accounts is placed with a high credit quality financial institution.

**b) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk, exchange rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include financial assets in the form of loans and receivables only. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

***Interest rate risk***

In absence of any borrowings, interest rate risk is minimum.

## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

**Notes to the Financial Statements**  
for the year ended 31 March 2018

*Exchange rate risk*

Except for the following amounts there are no significant exchange rate risks as substantially all financial assets and financial liabilities are determined in U.A.E. Dirhams or US Dollars to which the Dirham is fixed:

	<b>2018</b> <b>Equivalent</b> <b>AED</b>	<b>2017</b> <b>Equivalent</b> <b>AED</b>
<b>Foreign currency financial assets:</b>		
Great Britain Pounds	1,068,828	952,045
Euro	1,392,950	1,075,614
<b>Foreign currency financial liabilities:</b>		
Swiss Francs	1,084,548	942,263

The following table illustrates the sensitivity of profit for a reasonable change in foreign exchange rates, with all other variables held constant at 31 March 2018 and 2017.

<i>Particulars</i>	<i>2018</i>			<i>2017</i>		
	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency</i> <i>rate in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency</i> <i>rate in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>
<b>Foreign currency assets</b>						
<i>Euro</i> <i>currency</i>	1,068,828	+/- 4%	+/- 42,753	809,899	+/- 0.5%	+/- 4,050
<i>GBP</i> <i>currency</i>	1,392,950	+/- 1%	+/- 13,930	791,589	+/- 8%	+/- 63,327
<b>Foreign currency liabilities</b>						
<i>Swiss</i> <i>Francs</i> <i>currency</i>	1,084,548	+/- 0.20%	+/- 2,169	942,263	+/- 2%	-/+ 18,845

A change in currency rates are considered for the exchange rate have been determined based on the average market volatility in exchange rates in the year 2017-18 and 2016-17 over period of 12 months.

**c) Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the shareholders and the management who ensure that sufficient funds are made available to the company to meet any future commitments.



## ZODIAC CLOTHING COMPANY (U.A.E.) LLC

### Notes to the Financial Statements for the year ended 31 March 2018

#### 24. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of trade and other receivables, due from related parties, and bank balances and financial liabilities, comprising of trade and other payables approximate their carrying values. Derivatives consist of forward foreign exchange contracts outstanding on the reporting date whose fair values are not materially different from their carrying values.

The following table analyses the company's financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

	Level 1 (AED)	Level 2 (AED)	Level 3 (AED)	Total (AED)
<b>As on 31 March 2018</b>				
<i>Financial assets</i>				
- Investment in subsidiaries	-	-	-	-
- Long term loans to subsidiaries	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As on 31 March 2017</b>				
<i>Financial assets</i>				
- Investment in subsidiaries	-	-	36,720	36,720
- Long term loans to subsidiaries	-	-	101,013	101,013
<b>Total</b>	-	-	<b>137,733</b>	<b>137,733</b>

There were no transfers between levels for fair value measurements during the year.

	2018 AED	2017 AED
<b>25. Contingent liability</b>		
Banker's letters of guarantees (refer note 12)	<u>126,000</u>	<u>132,000</u>
<b>26. Capital commitment</b>		
Improvements to factory building (refer note 6)	<u>364,072</u>	<u>-</u>
<b>27. Comparative figures</b>		

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.





**ZODIAC CLOTHING COMPANY SA, Neuchâtel**

Report of the Statutory Auditor  
on the Limited Statutory Examination  
to the General Meeting of Shareholders

Financial Statements 2017/2018



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Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

**ZODIAC CLOTHING COMPANY SA, Neuchâtel**

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As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of ZODIAC CLOTHING COMPANY SA for the year ended 31 March 2018.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

We draw attention to the fact that the proposed dividend has a substantial impact on the liquidity of Zodiac Clothing Company SA. It can only be considered appropriate under the condition that the liquidity, which is considered necessary to the operating activity, will still be available after the dividend distribution. Should this not be the case, the proposed appropriation of available earnings would be in breach of the duty of care and loyalty (art. 717 para. 1 CO).

KPMG SA

Valérie Reymond Benetazzo  
*Licensed Audit Expert*  
*Auditor in Charge*

Sofia da Silva  
*Licensed Audit Expert*

Neuchâtel, 25 May 2018

*Enclosures:*

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

ZODIAC CLOTHING COMPANY SA, Neuchâtel

<b>Balance Sheet as of 31 March</b>	<b>Note</b>	<b>2017/2018</b>	<b>2016/2017</b>
		CHF	CHF
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		882,188	1,117,030
Prepaid expenses and accrued income		33	33
		<u>882,221</u>	<u>1,117,063</u>
<b>Non-current assets</b>			
Financial assets (affiliated companies)		282,344	256,806
Investments	2.1	98,039	98,039
		<u>380,383</u>	<u>354,845</u>
		<u>1,262,604</u>	<u>1,471,908</u>

<b>Balance Sheet as of 31 March</b>	<b>Note</b>	<b>2017/2018</b>	<b>2016/2017</b>
		CHF	CHF
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Other short-term liabilities due to group companies		4,857	4,857
Accrued expenses and deferred income		10,700	10,700
		<u>15,557</u>	<u>15,557</u>
<b>Shareholders' equity</b>			
Share capital		250,000	250,000
Legal capital reserves			
- Reserves from capital contributions		50,000	50,000
Voluntary retained earnings			
- Accumulated profits			
- Accumulated profits brought forward		156,351	52,524
- Profit for the year		790,696	1,103,827
		<u>1,247,047</u>	<u>1,456,351</u>
		<u><u>1,262,604</u></u>	<u><u>1,471,908</u></u>

ZODIAC CLOTHING COMPANY SA, Neuchâtel

<b>Income Statement</b>	<b>2017/2018</b>	<b>2016/2017</b>
	CHF	CHF
<b>INCOME</b>		
Dividend income	805,000	1,104,850
Other financial income	7,592	15,285
Other operating income	<u>17,747</u>	<u>20,000</u>
	<u>830,339</u>	<u>1,140,135</u>
<b>EXPENSES</b>		
Financial expenses	(344)	(370)
Other operating expenses	(33,889)	(37,306)
Direct taxes	<u>(5,410)</u>	<u>1,368</u>
	<u>(39,643)</u>	<u>(36,308)</u>
Profit for the year	<u><u>790,696</u></u>	<u><u>1,103,827</u></u>

**Notes to the Financial Statements as of 31 March 2018**

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**1. Principles**

**1.1 General aspects**

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

**1.2 Company affiliation and activity**

The Company, which is registered in Neuchâtel (Switzerland), is a wholly owned subsidiary of Zodiac Clothing Company Ltd incorporated in Mumbai (India). The Company's activity is to provide management services to the group.

**2. Disclosure on balance sheet and income statement items**

**2.1 Investments**

**a) Direct investments**

Company name, domicile	Voting and capital rights in %		Capital in l'000	
Zodiac Clothing Company (UAE) LLC, Dubai	100	100	AED 300	AED 300

The shareholders of the Company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and ZODIAC CLOTHING COMPANY SA (Switzerland) (49%). As per the mutual agreement between the shareholders Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of ZODIAC CLOTHING COMPANY SA (Switzerland) who is the beneficial owner.

**b) Significant indirect investments**

On 15 June 2017, Zodiac Clothing Company Inc. USA, an indirect investment for which the company indirectly owned 100% of the capital and shareholders right and with a capital of USD 10,000, has been dissolved.

**3. Other information**

**3.1 Full-time equivalents**

ZODIAC CLOTHING COMPANY SA does not have any employees.

**3.2 Significant events after the balance sheet date**

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

ZODIAC CLOTHING COMPANY SA, Neuchâtel

<b>Proposed Appropriation of Available Earnings</b>	<b>2017/2018</b>	<b>2016/2017</b>
	CHF	CHF
Retained earnings brought forward	156,351	52,524
Profit for the year	790,696	1,103,827
	<hr/>	<hr/>
Available earnings	947,047	1,156,351
	<hr/> <hr/>	<hr/> <hr/>

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:

Dividend	940,000	1,000,000
Extraordinary Dividend	–	–
To be carried forward	7,047	156,351
	<hr/>	<hr/>
	947,047	1,156,351
	<hr/> <hr/>	<hr/> <hr/>