

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

**Financial Statements**

*31 March 2021*

*Registered Office:*

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

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

## Financial Statements

31 March 2021

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

### Director's Report

Your directors hereby submit their report and accounts for the year ended 31 March 2021.

#### Results and dividend

The profit for the year amounted to AED 204,305/-. The interim dividend of AED 3,378,700/- was declared and has been paid on 26 March 2021.

#### Review of the business

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

The company has also invested in its 100% subsidiary, namely, Zodiac Clothing Bangladesh Limited, Bangladesh incorporated on 22<sup>nd</sup> November 2018.

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.

#### 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 2021 and their interests as of that date in the share capital of the company were as follows:

<u>Name of shareholders</u>	<u>Nationality /Country of incorporation</u>	<u>No. of shares</u>	<u>AED</u>
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 2021, 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 2021 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.

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

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 (contd.)**

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 2021;
- vi) note 18 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 2021 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 2021.

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



19 June 2021

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

## Statement of Financial Position

At 31 March 2021


	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	886,417	1,132,280
Investment in a subsidiary	7, 18	922,261	922,261
Due from the related parties	18	<u>6,145,523</u>	<u>6,131,505</u>
		<b><u>7,954,201</u></b>	<b><u>8,186,046</u></b>
<b>Current assets</b>			
Inventories	8	-	3,848
Trade and other receivables	9	1,037,923	3,754,187
Derivatives financial assets	10	-	120,613
Prepayments		18,966	31,067
Due from the related parties	18	178,681	461,417
Cash and bank balances	11	<u>4,834,807</u>	<u>4,648,641</u>
		<b><u>6,070,377</u></b>	<b><u>9,019,773</u></b>
<b>TOTAL ASSETS</b>		<b><u>14,024,578</u></b>	<b><u>17,205,819</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	300,000	300,000
Statutory reserve	13	150,000	150,000
Hedging reserve	10	-	120,613
Accumulated profits		<u>12,642,625</u>	<u>15,817,020</u>
<b>Total equity funds</b>		<b><u>13,092,625</u></b>	<b><u>16,387,633</u></b>
<b>Non-current liability</b>			
Staff end of service gratuity		<u>30,987</u>	<u>25,287</u>
<b>Current liabilities</b>			
Trade and other payables	14	64,751	61,011
Due to the related parties	18	<u>836,215</u>	<u>731,888</u>
		<b><u>900,966</u></b>	<b><u>792,899</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>14,024,578</u></b>	<b><u>17,205,819</u></b>


The accompanying notes 1 to 24 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 19<sup>th</sup> June 2021 and signed on their behalf by:

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

  
Mr. Mohamed Anees Noorani  
Director

  
Mrs. Muna Mahmood Mohd. Mahmood  
Director & Shareholder



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

Statement of Comprehensive Income  
for the year ended 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
<b>Sales</b>	15	2,536,855	<b>7,518,329</b>
Cost of sales	16, 18	<u>(2,467,345)</u>	<u>(7,283,295)</u>
<b>Gross profit</b>		69,510	<b>235,034</b>
Realised foreign currency exchange gain/(loss)		269,560	(275,032)
Other income		514,985	644,711
Expenses	17, 18	<u>(626,530)</u>	<u>(607,771)</u>
<b>Profit/(loss) from the operations</b>		227,525	<b>(3,058)</b>
Finance costs	18, 19	<u>(23,220)</u>	<u>(40,888)</u>
<b>Profit/(loss) for the year</b>		204,305	<b>(43,946)</b>
<b>Other comprehensive income</b>			
Unrealised gain on foreign currency contracts	10	-	<u>120,613</u>
<b>Total comprehensive income for the year</b>		<u>204,305</u>	<u>76,667</u>

The accompanying notes 1 to 24 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 2021

	<i>Share capital</i> <u>AED</u>	<i>Statutory reserve</i> <u>AED</u>	<i>Hedging reserve</i> <u>AED</u>	<i>Accumulated profits</i> <u>AED</u>	<i>Total</i> <u>AED</u>
As at 31 March 2019	300,000	150,000	-	19,239,666	19,689,666
Dividend paid during the year	-	-	-	(3,378,700)	(3,378,700)
Transfer from other comprehensive income	-	-	120,613	-	120,613
(Loss) for the year	-	-	-	(43,946)	(43,946)
<b>As at 31 March 2020</b>	<b>300,000</b>	<b>150,000</b>	<b>120,613</b>	<b>15,817,020</b>	<b>16,387,633</b>
Dividend paid during the year	-	-	-	(3,378,700)	(3,378,700)
Realised during the year	-	-	(120,613)	-	(120,613)
Profit for the year	-	-	-	204,305	204,305
<b>As at 31 March 2021</b>	<b><u>300,000</u></b>	<b><u>150,000</u></b>	<b><u>-</u></b>	<b><u>12,642,625</u></b>	<b><u>13,092,625</u></b>

The accompanying notes 1 to 24 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 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
<b><u>Cash flows from operating activities</u></b>			
Profit/(loss) for the year		204,305	(43,946)
Adjustment for:			
Depreciation		163,078	158,146
Loss on disposal of fixed assets		39,571	-
Finance costs		23,220	40,888
Provision for staff end of service gratuity		5,700	5,456
<b>Operating profit before working capital changes</b>		<b>435,874</b>	<b>160,544</b>
Changes in inventories		3,848	252,887
Changes in trade and other receivables and prepayments		2,728,365	8,476,178
Changes in due from/due to related parties (net)		373,045	(1,007,441)
Changes in trade and other payables		3,740	(941,675)
<b>Cash flow generated from operations</b>		<b>3,544,872</b>	<b>6,940,493</b>
Finance cost paid		(23,220)	(40,888)
<b>Net cash from operating activities</b>		<b><u>3,521,652</u></b>	<b><u>6,899,605</u></b>
<b><u>Cash flows from investing activities</u></b>			
Payments made for investment in a subsidiary		-	(876,993)
Proceeds from sale of equipment		43,214	-
Payments for capital work in progress		-	(182,763)
Changes in retention payable		-	(26,018)
Changes in margin and fixed deposit accounts		1,104,750	2,669,750
<b>Net cash from investing activities</b>		<b><u>1,147,964</u></b>	<b><u>1,583,976</u></b>
<b><u>Cash flows from financing activities</u></b>			
Dividend paid to the shareholder		(3,378,700)	(3,378,700)
Proceeds from bank borrowings		-	(1,749,135)
<b>Net cash (used in) financing activities</b>		<b><u>(3,378,700)</u></b>	<b><u>(5,127,835)</u></b>
<b>Net changes in cash and cash equivalents</b>		<b>1,290,916</b>	<b>3,355,746</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>3,534,891</u></b>	<b><u>179,145</u></b>
<b>Cash and cash equivalents at end of the year</b>	20	<b><u>4,825,807</u></b>	<b><u>3,534,891</u></b>

The accompanying notes 1 to 24 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 2021

#### 1. Legal status and business activity

- a) ZODIAC CLOTHING COMPANY (U.A.E.) LLC (“The Company”) is a limited liability company registered on 20 November 1996 under industrial license no. 301266 in the Emirate of Dubai 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 trading in ready-made garments. During the year, the company was solely engaged in trading of ready-made garments.

The company also has invested in its 100% subsidiary, namely, Zodiac Clothing Bangladesh Limited, Bangladesh incorporated on 22nd November 2018.

- c) The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmood (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 2020 and the applicable requirements of the Company Commercial Law number 2 of 2015.

#### c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are being measured at fair values. 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 2021

#### 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:

As a result of the COVID-19 and the resulting disruptions to the social and economic activities, the Company continues to assess regularly the impact of COVID-19 on its business, in particular the reduction of sales and collectability of receivables. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations and the ability of the organization to cope with the lock-down situation. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

#### ***Revenue from contracts with customers***

- Timing for transfer of control of goods

In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the company has a present right to payment and retains none of the significant risks and rewards of the goods.

- Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year from the due date. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2021****Impairment***

At each reporting date, management conducts an assessment of all property, plant and equipment 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.

**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.

***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.

***Provision for expected credit losses of trade receivables***

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

***Impairment of non-financial assets***

Assessments of net recoverable amounts of property, plant and equipment, due from related parties and investment in a subsidiary 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 2021

#### *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 Note 22.

#### *Revenue from contracts with customers*

##### **i. Determining the transaction price**

The Company's revenue is from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the company, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.

##### **ii. Allocating the transaction prices**

There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the Company is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

##### **iii. Provision of rights to return goods, volume rebates and other similar obligations**

The Company reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

#### *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 affects.

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

### Notes to the Financial Statements for the year ended 31 March 2021

#### 4. Adoption of new and revised International Financial Reporting Standards

##### a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards (IFRSs), amendments and interpretations issued by IASB that became effective for the current reporting period:

- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 3 - Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform;
- Amendments to References to Conceptual Framework in IFRS standards;

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

The company has also elected to adopt the following amendments early:

- Amendments to IFRS 16 Leases- COVID-19-Related Rent Concessions.

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

Their adoption has resulted in presentation and disclosure changes only.

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform-phase 2. The effective date of the amendments is set for annual periods beginning on or after 1 January 2021.

Amendments to IAS 16-Property, Plant and Equipment: Proceeds before Intended Use The effective date of the amendments is set for annual periods beginning on or after 1 January 2022

Amendments to IAS 37-Onerous Contracts -- Cost of Fulfilling a Contract (The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

References to the Conceptual Framework (Amendments to IFRS 3) - The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture. The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

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

### Notes to the Financial Statements for the year ended 31 March 2021

#### International Financial Reporting Standards issued but not effective (contd.)

IFRS17 -Insurance Contracts- The effective date of the standard is set for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an investor and its Associate or Joint Venture. The effective date of these amendments is deferred indefinitely.

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.

##### b) Investment in a subsidiary

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.



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

### Notes to the Financial Statements for the year ended 31 March 2021

#### Investment in a subsidiary (contd.)

Investment in a subsidiary is 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.

#### c) **Financial instruments**

##### **Recognition and Initial measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

##### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified as follows:

###### *Financial assets at amortised cost (debt instruments)*

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, due from the related parties, other current assets and cash and cash equivalents. Due to the short term nature of these financial assets; their carrying amounts are considered to be the same as their fair values

##### **Classification and subsequent measurement of financial liabilities**

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

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

### Notes to the Financial Statements

*for the year ended 31 March 2021*

The company's financial liabilities include trade and other payables and due to the related parties. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

#### **Derecognition of financial assets and financial liabilities**

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2021*

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Derivative financial instruments including hedge accounting****Recognition and Measurement*****Derivative Financial Instruments***

The company uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. A derivative with a positive fair value is recognized as current financial assets and a derivative with a negative fair value is recognized as current financial liability.

**d) Inventories**

Ready-made garments were valued at the lower of cost and net realisable value.

Cost comprise of invoice value plus attributable direct expenses.

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

**e) 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.

**ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Notes to the Financial Statements**  
*for the year ended 31 March 2021***f) 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.

**g) 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.

**h) Value Added Tax**

The revenue, expenses and assets are recognized 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, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

**i) Short-term lease**

The Company applies the short-term lease recognition exemption to its short-term leases of factory premise and staff accommodation (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

**j) Revenue recognition****Sales of goods**

The company is in the business of trading of readymade garments.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer or the company has objective evidence that all criteria for acceptance have been satisfied.

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

### Notes to the Financial Statements for the year ended 31 March 2021

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers.

#### Interest income

Interest income is presented as financial income where it is earned from financial asset that are held for cash management purposes.

#### k) **Borrowing costs**

Finance expense comprises interest expense on bank borrowings and shareholder's loan is recognised in statement of Comprehensive Income.

#### l) **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.

#### m) **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.

#### n) **Dividend**

Dividend is paid out of accumulated profits, when declared.

#### 6. **Property, plant and equipment**

	<i>Factory building<sup>a</sup></i> <i>AED</i>	<i>Plant and Machinery</i> <i>AED</i>	<i>Furniture and office equipment</i> <i>AED</i>	<i>Vehicles</i> <i>AED</i>	<i>Total</i> <i>AED</i>
<b>Cost</b>					
As at 01.04.2020	4,988,444	494,811	670,070	182,500	6,335,825
Disposals/write-offs during the year	<u>(26,520)</u>	<u>(348,325)</u>	<u>(344,769)</u>	-	<u>(719,614)</u>
As at 31.03.2021	<u>4,961,924</u>	<u>146,486</u>	<u>325,301</u>	<u>182,500</u>	<u>5,616,211</u>
<b>Depreciation</b>					
As at 01.04.2020	4,013,695	494,811	512,539	182,500	5,203,545
Charge for the year	126,408	-	36,670	-	163,078
Relating to disposals/write-offs	<u>(20,858)</u>	<u>(348,325)</u>	<u>(267,646)</u>	-	<u>(636,829)</u>
As at 31.03.2021	<u>4,119,245</u>	<u>146,486</u>	<u>281,563</u>	<u>182,500</u>	<u>4,729,794</u>
<b>Net book value</b>					
As at 31.03.2021	<u>842,679</u>	-	<u>43,738</u>	-	<u>886,417</u>
As at 31.03.2020	<u>974,749</u>	-	<u>157,531</u>	-	<u>1,132,280</u>

<sup>a</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.

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

Notes to the Financial Statements  
for the year ended 31 March 2021

	<i>2021</i>	<i>2020</i>
	<u>AED</u>	<u>AED</u>
<b>7. Investment in a subsidiary</b>		
Zodiac Clothing Bangladesh Limited, Bangladesh (100 % shareholding) <sup>a</sup>	922,261	536,648
210,187 shares of BDT 100/- each (converted @ 22.79) (previous year 122,051 shares of BDT 100/- each (converted @ 22.74))		
Share application money <sup>b</sup>	-	<u>385,613</u>
	<u>922,261</u>	<u>922,261</u>
<sup>a</sup> Out of the total shares, Mrs. Muna Mahmood Mohd. Mahmood holds 1 share in Zodiac Clothing Bangladesh Limited, Bangladesh in trust for and on behalf of the company.		
<sup>b</sup> Represented amount paid for subscription of additional shares for which share allotment is completed on 17 June 2020.		
	<i>2021</i>	<i>2020</i>
	<u>AED</u>	<u>AED</u>
<b>8. Inventories</b>		
Trading inventories	-	<u>3,848</u>
<b>9. Trade and other receivables</b>		
Trade receivables	599,844	741,876
Deposits	218,074	224,164
Other receivables <sup>a</sup>	<u>220,005</u>	<u>2,788,147</u>
	<u>1,037,923</u>	<u>3,754,187</u>
<sup>a</sup> Included AED 2,742,962/- receivable on account of sale of subsidiary, Zodiac Properties Limited, U.A.E., received during the year.		
<b>10. Derivatives financial assets</b>		
Represented favourable fair values, of open derivative contracts (GBP/USD), on mark to market basis as of the reporting date with notional contract values of US \$ 464,032/- (equivalent to GBP 400,000/-).		
	<i>2021</i>	<i>2020</i>
	<u>AED</u>	<u>AED</u>
<b>11. Cash and bank balances</b>		
Cash on hand	2,082	5,274
Bank balance in:		
Current accounts	4,823,725	3,529,617
Fixed deposit accounts	-	1,101,750
Margin accounts (refer note 23)	9,000	12,000
	<u>4,834,807</u>	<u>4,648,641</u>

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

Notes to the Financial Statements  
for the year ended 31 March 2021

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
<b>12. Share capital</b>		
300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
<b>13. 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>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
<b>14. Trade and other payables</b>		
Trade payables	27,387	36,016
Advance from customer	-	422
Provision for leave salaries and air passage	14,162	7,472
Accruals	<u>23,202</u>	<u>17,101</u>
	<u>64,751</u>	<u>61,011</u>
<b>15. Sales</b>		
Trading of shirts	2,448,127	7,506,015
Trading of fabrics and accessories	<u>88,728</u>	<u>12,314</u>
	<u>2,536,855</u>	<u>7,518,329</u>
<b>16. Cost of sales</b>		
Opening inventories	3,848	256,735
Purchase of trading shirts, fabrics and accessories (refer note 18)	2,430,562	6,936,935
Other direct expenses	32,935	93,473
Closing inventories	-	<u>(3,848)</u>
	<u>2,467,345</u>	<u>7,283,295</u>
<b>17. Expenses</b>		
Salaries and other benefits	121,463	126,515
Selling and distribution expenses	105,495	122,847
Other administrative expenses (refer note 18)	196,923	200,263
Loss on disposals of fixed assets	39,571	-
Depreciation	<u>163,078</u>	<u>158,146</u>
	<u>626,530</u>	<u>607,771</u>

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

Notes to the Financial Statements  
for the year ended 31 March 2021

## 18. 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 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. Mahmood, Shareholder

## b) Subsidiary

1. Zodiac Clothing Bangladesh Limited, Bangladesh

## 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>Subsidiary AED</i>	<i>Companies under common management control AED</i>	<i>Total 2021 AED</i>	<i>Total 2020 AED</i>
Purchase of trading shirts (refer note 16)	2,359,951	-	-	2,359,951	6,929,672
<b>Under other administrative expenses (refer note 17)</b>					
Management fees	79,537	-	-	79,537	75,287
Others	-	-	-	-	4,193
<b>Finance cost (refer note 19)</b>					
	22,816	-	-	22,816	40,399
<b>Under other income</b>					
Interest income	-	-	14,018	14,018	-



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

**Notes to the Financial Statements**  
for the year ended 31 March 2021

**Related party transactions (contd.)**

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

	<i>Major shareholders AED</i>	<i>Subsidiary AED</i>	<i>Companies under common management control AED</i>	<i>Total 2021 AED</i>	<i>Total 2020 AED</i>
<b>Included under non-current assets:</b>					
Investment in a subsidiary (refer note 7)	-	922,261	-	922,261	922,261
Due from the related parties	-	-	6,145,523	6,145,523	6,131,505
<b>Included under current assets:</b>					
Due from the related parties	162,069	9,100	7,512	178,681	461,417
<b>Included under current liabilities:</b>					
Due to the related parties	836,215	-	-	836,215	731,888
				<i>2021 AED</i>	<i>2020 AED</i>
<b>19. Finance costs</b>					
To a bank				404	489
To shareholder (refer note 18)				22,816	40,399
				<u>23,220</u>	<u>40,888</u>
<b>20. Cash and cash equivalents</b>					
Cash on hand				2,082	5,274
Bank balances in:					
Current accounts				4,823,725	3,529,617
				<u>4,825,807</u>	<u>3,534,891</u>
<b>21. Financial instrument risks</b>					

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

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

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

### Notes to the Financial Statements for the year ended 31 March 2021

#### 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 the related parties.

The Company's management has been closely monitoring the possible impact of COVID-19 including the default risk of the industry and the country in which the customer operates to ensure the adequacy of allowance for expected credit loss towards trade and other receivables.

#### *Trade and other receivables*

As at 31 March 2021, 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 599,844/- due from a customer (*previous year AED 741,876/- due from a customer*).

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 and margin deposits accounts are placed with high credit quality financial institutions.

#### 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*

Payable to shareholder and bank overdraft is at fixed rate of interest.

#### *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:

	<i>2021</i> <i>Equivalent</i> <i>AED</i>	<i>2020</i> <i>Equivalent</i> <i>AED</i>
<b>Foreign currency financial assets in:</b>		
Great Britain Pounds	19,919	3,035,441
<b>Foreign currency financial liabilities in:</b>		
Swiss Francs	836,215	720,898

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

### Notes to the Financial Statements for the year ended 31 March 2021

#### Exchange rate risk (contd.)

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 2021 and 2020.

Particulars	Balance <u>AED</u>	2021	Effect on income statement	Balance <u>AED</u>	2020	Effect on income statement
		Change in currency rate in %	<u>AED</u>		Change in currency rate in %	<u>AED</u>
<b>Foreign currency assets</b>						
<i>GBP</i>						
<i>currency</i>	19,919	+/- 11%	+/- 2,191	3,035,441	+/- 6%	+/- 182,126
<b>Foreign currency liabilities</b>						
<i>Swiss</i>						
<i>Francs</i>	836,215	+/- 2%	+/- 16,724	720,898	+/- 1%	+/- 7,209
<i>currency</i>						

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 2020-21 and 2019-20 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 directors and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

Global stress in the markets brought by the COVID-19 crisis is being felt globally due to lack of liquidity. In this environment, the Company has already taken measures to manage its liquidity carefully until the crisis is over. The company's credit and treasury department/management has been closely monitoring the cash flows and forecasts on a weekly basis to maintain a reasonably healthy balance sheet during this time and beyond.

## 22. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of trade and other receivables, due from the related parties, and bank balances and financial liabilities, comprising of trade and other payables and due to the related parties approximate 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.

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

Notes to the Financial Statements  
for the year ended 31 March 2021

## Financial instruments: Fair values (contd.)

As on 31 March 2021	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
- Investment in a subsidiary	-	-	922,261	922,261
<b>Total</b>	<u>-</u>	<u>-</u>	<u>922,261</u>	<u>922,261</u>
<b>As on 31 March 2020</b>	<b>Level 1 AED</b>	<b>Level 2 AED</b>	<b>Level 3 AED</b>	<b>Total AED</b>
- Investment in a subsidiary	-	-	922,261	922,261
<b>Total</b>	<u>-</u>	<u>-</u>	<u>922,261</u>	<u>922,261</u>
			<i>2021</i>	<i>2020</i>
			<u>AED</u>	<u>AED</u>
<b>23. Contingent liability</b>				
Banker's letters of guarantees ( <i>refer note 11</i> )			<u>9,000</u>	<u>12,000</u>
<b>24. Comparative figures</b>				

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



**FINANCIAL STATEMENTS  
OF  
ZODIAC CLOTHING BANGLADESH LTD.  
FOR THE YEAR ENDED 31 MARCH 2021**



**AHMED MASHUQUE & CO.,** *Chartered Accountants*

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Navana Obaid Eternia  
28-29 Kakrail (Level #13-14)  
VIP Road, Dhaka-1000, Bangladesh  
Tel : +880-2-58316931-39, Fax : +880-2-58316929  
Email: [info@ahmedmashuque.com](mailto:info@ahmedmashuque.com), [Web : www.ahmedmashuque.com](http://www.ahmedmashuque.com)  
A Member Firm of **Crowe Global**



**Independent Auditors' Report  
to the shareholders of  
Zodiac Clothing Bangladesh Ltd.**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Zodiac Clothing Bangladesh Ltd., which comprise the Statements of financial position as at 31 March 2021 and the statement of profit and loss and other 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**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 to 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 ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the Company's Act 1994 and other applicable laws and regulations 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditors' Responsibility 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.
- 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.
- 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**

In accordance with the Companies Act, 1994 we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

**Dated, 27 June 2021**  
**Dhaka.**

  
**Ahmed Mashuque & Co.**  
Chartered Accountants  
**Mashuque Ahmed FCA, Proprietor**  
Enrolment No: 690  
DVC:2106270690AS347778

**Zodiac Clothing Bangladesh Ltd.**  
**Statement of financial position**  
**As at 31 March 2021**

	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31-Mar-21</u>	<u>31-Mar-20</u>
<b><u>ASSETS</u></b>			
<b>Current assets</b>		<b>20,303,365</b>	<b>20,534,185</b>
Advance, deposit and prepayments	<b>4.00</b>	20,040,000	20,040,000
Cash and cash equivalents	<b>5.00</b>	263,365	494,185
<b>Total assets</b>		<b>20,303,365</b>	<b>20,534,185</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share holders equity</b>		<b>19,276,349</b>	<b>20,052,476</b>
Share capital	<b>6.00</b>	21,018,700	12,205,100
Share money deposit		7,895	8,813,100
Retained earnings		(1,750,246)	(965,724)
<b>Current liabilities</b>		<b>1,027,016</b>	<b>481,709</b>
Liability for expenses	<b>7.00</b>	1,027,016	481,709
<b>Total shareholders equity and liabilities</b>		<b>20,303,365</b>	<b>20,534,185</b>

*These financial statements should be read in conjunction with the annexed notes.*

**Chairman**

**Director**

*Signed in terms of our report of even date annexed.*

**Dated, 27 June 2021**  
**Dhaka.**

  
**Ahmed Mashuque & Co.**  
Chartered Accountants  
**Mashuque Ahmed FCA, Proprietor**  
Enrolment No: 690  
DVC:2106270690AS347778

*Md. H.*





**Zodiac Clothing Bangladesh Ltd.**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2021**

<u>Particulars</u>	<u>Amount in Taka</u>	
	01-Apr-20 to 31-Mar-21	01-Apr-19 to 31-Mar-20
<b>Revenue</b>	-	-
<b>Less: Expenses</b>	<b>784,522</b>	<b>335,310</b>
Office rent	103,500	103,500
License and registration	-	4,990
Legal and professional fees	-	155,250
Directors fees	619,547	-
Audit fees	57,500	57,500
Bank charges	3,975	14,070
<b>Profit/(loss) before tax</b>	<b>(784,522)</b>	<b>(335,310)</b>
Income tax expenses	-	-
<b>Profit/(loss) after tax</b>	<b>(784,522)</b>	<b>(335,310)</b>
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>(784,522)</b>	<b>(335,310)</b>


*These financial statements should be read in conjunction with the annexed notes.*

**Chairman**

**Director**

*Signed in terms of our report of even date annexed.*

**Dated, 27 June 2021**  
**Dhaka.**

  
**Ahmed Mashuque & Co.**  
Chartered Accountants  
**Mashuque Ahmed FCA, Proprietor**  
Enrolment No: 690  
DVC:2106270690AS347778



*nd. H.L.*

**Zodiac Clothing Bangladesh Ltd.**  
**Statement of changes in equity**  
**For the year ended 31 March 2021**

Amount in Taka

Particulars	Share capital	Share money deposit	Retained earnings	Total
As at 01 April 2019	1,000,000	-	(630,414)	369,586
Addition during the year	11,205,100	8,813,100	(335,310)	19,682,890
as at 31 March 2020	<u>12,205,100</u>	<u>8,813,100</u>	<u>(965,724)</u>	<u>20,052,476</u>
As at 01 April 2020	12,205,100	8,813,100	(965,724)	20,052,476
Addition during the year	8,813,600	8,395	(784,522)	8,037,473
Allotted to the share capital	-	(8,813,600)	-	(8,813,600)
As at 31 March 2021	<u>21,018,700</u>	<u>7,895</u>	<u>(1,750,246)</u>	<u>19,276,349</u>


*These financial statements should be read in conjunction with the annexed notes.*

Chairman

Director

*Signed in terms of our report of even date annexed.*

Dated, 27 June 2021  
Dhaka.

  
**Ahmed Mashuque & Co.**  
Chartered Accountants  
**Mashuque Ahmed FCA, Proprietor**  
Enrolment No: 690  
DVC:2106270690AS347778

*m.a.h.*



**Zodiac Clothing Bangladesh Ltd.**  
**Statement of cash flows**  
**For the year ended 31 March 2021**

<u>Particulars</u>	<u>Amount in Taka</u>	
	01-Apr-20 to 31-Mar-21	01-Apr-19 to 31-Mar-20
<b>A Cash flows from operating activities</b>		
Cash receipts from customers	-	-
Cash paid for operating expenses	(239,215)	(159,949)
Cash paid to supplier	-	(300,000)
<i>Net cash from operating activities</i>	<u>(239,215)</u>	<u>(459,949)</u>
<b>B Cash flows from investing activities</b>		
Advance and security deposit for factory construction	-	(19,740,000)
<i>Net cash used in investing activities</i>	<u>-</u>	<u>(19,740,000)</u>
<b>C Cash flows from financing activities</b>		
Share capital	-	11,205,100
Share money deposit	8,395	8,813,100
<i>Net cash flows from financing activities</i>	<u>8,395</u>	<u>20,018,200</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<u>(230,820)</u>	<u>(181,749)</u>
Add: Cash and cash equivalents at the beginning of the year	494,185	675,934
<b>Cash and cash equivalents at the end of the year</b>	<u>263,365</u>	<u>494,185</u>


*These financial statements should be read in conjunction with the annexed notes.*

Chairman

Director

*Signed in terms of our report of even date annexed.*

Dated, 27 June 2021  
Dhaka.

  
**Ahmed Mashuque & Co.**  
Chartered Accountants  
**Mashuque Ahmed FCA, Proprietor**  
Enrolment No: 690  
DVC:2106270690AS347778



*Md. H.*

**Zodiac Clothing Bangladesh Ltd.**  
**Notes, comprising significant accounting policies and other explanatory information**  
**As at and for the year ended 31 March 2021**

**1.00 Legal status and nature of the business**

**1.01 Legal status of the company**

Zodiac Clothing Bangladesh Ltd. is a private limited company has been incorporated on 22 November 2018 in Bangladesh under the Companies Act, 1994 vide incorporation # C-148496/2018 with 100% foreign investment. The registered address of the company is located at Navana Obaid Eternia, 28-29, Kakrail, Level # 13, VIP Road, Dhaka, PO : 1000.

**1.02 Nature of business**

The main object of the company is to carry on the business of garments factory, import, export and supply of readymade garments and other commodities. The company has not started its operation.

**2.00 Basis of preparation of these financial statements**

The financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as well as the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the business accounting policies and reported amounts of assets, liabilities, income and expenses. The areas, involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

**2.01 Components of financial statements**

The Board of Directors is responsible for preparing the financial statements under section 183 of the Companies Act, 1994 and as per IAS-1 " Presentation of financial statements".

The financial statements comprise the following components:

- (i) Statement of financial position as at 31 March 2021;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2021;
- (iii) Statement of changes in equity for the year ended 31 March 2021;
- (iv) Statement of cash flows for the year ended 31 March 2021;
- (v) Notes, comprising significant accounting policies and other explanatory information as at and for the year ended 31 March 2021.

**2.02 Basis of measurement**

The financial statements have been prepared using the accrual basis. The company has adequate resources to continue its operation for the foreseeable future. For the reason all business operations have been reported in the financial statements on going concern basis.



### **2.03 Reporting currency and others**

The figures in the financial statements represents Bangladeshi Taka, except where indicates otherwise. The amount has been rounded off to the nearest integer.

### **2.04 Transactions in foreign currencies**

Transactions in foreign currencies are converted into Bangladeshi Taka at the exchange rate prevailing on the date of transaction as per International Accounting Standard (IAS-21).

### **2.05 Reporting period**

The financial period of the company has been determined to be from 01 April to 31 March of every year. These financial statements cover for the period from 01 April 2020 to 31 March 2021.

### **2.06 Use of estimates and judgments**

The preparation of 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.

### **2.07 Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

### **3.00 Significant accounting policies**

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

#### **3.01 Cash and cash equivalents**

Cash and cash equivalents comprises of cash in hand and cash with banks.

#### **3.02 Liabilities for expenses**

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

#### **3.03 Income tax provision**

Provision for income tax has been made in line with the Income Tax Ordinance, 1984.



	<u>Taka</u>	<u>Taka</u>
	<u>31-Mar-2021</u>	<u>31-Mar-2020</u>
<b>4.00 Advance, deposit and prepayments</b>		
Security deposit for factory	2,820,000	2,820,000
Advance for factory construction	16,920,000	16,920,000
Advance for commercial work	300,000	300,000
	<b><u>20,040,000</u></b>	<b><u>20,040,000</u></b>
<b>5.00 Cash and cash equivalents</b>		
Cash in hand	-	-
Cash at bank (United Commercial Bank limited)	263,365	494,185
	<b><u>263,365</u></b>	<b><u>494,185</u></b>
<b>6.00 Share capital:</b>		
<b>Authorized share capital:</b> (300,000 Ordinary shares @ Tk.100 each)	<b><u>30,000,000</u></b>	<b><u>30,000,000</u></b>
<b>Issued, subscribed &amp; paid up share capital</b> (210,187 Ordinary shares @ Tk.100 each)	<b><u>21,018,700</u></b>	<b><u>1,000,000</u></b>
Detail of issued, subscribed, and paid up capital is as follows:		
<b><u>Name of the shareholder</u></b>		
Zodiac Clothing Company (U.A.E.) LLC (210,186 Ordinary Shares of Tk. 100 each)	21,018,600	12,205,000
Mr. Muna Mahmood Mohammed Mahmood Alawadhi (1 Ordinary Shares of Tk. 100 each)	100	100
	<b><u>21,018,700</u></b>	<b><u>12,205,100</u></b>
<b>7.00 Liability for expenses</b>		
Zodiac Clothing Company (U.A.E.) LLC	205,281	205,281
Directors fees	538,737	-
Office rent	65,000	47,000
License and registration	-	4,990
Legal and professional fees	188	121,688
Audit fees	90,000	45,000
Tax deducted at source	127,810	57,750
	<b><u>1,027,016</u></b>	<b><u>481,709</u></b>
<b>8.00 General</b>		

Figures in the financial statements represent Bangladeshi currency and have been rounded off to the nearest Taka.



#### 9.00 Related party transactions

During the reporting year, the company entered into a number of transactions with related party. The name of the related party, nature of the transactions and amount thereof have been set out below in accordance with the provisions of IAS 24 "Related party disclosures."

Name of related party	Relationship	Nature of transactions	Opening Balance 01-Apr-2020	Transactions during the year		Closing balance 31-Mar-2021
				Debit	Credit	
Zodiac Clothing Company (U.A.E.) LLC	Parent company	Liability for expenses	205,281	-	-	205,281
Zodiac Clothing Company (U.A.E.) LLC	Parent company	Equity Investment	20,018,100	-	8,395	20,026,495



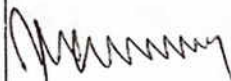
# Zodiac Clothing Company SA

## Balance Sheet

	Particulars	Note No.	As at 31st Mar, 2021 in CHF	As at 31st Mar, 2020 in CHF
<b>I</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	Investments in Subsidiaries, Associates and Joint Venture	1	98,039	98,039
	Financial Assets			
	- Loans	2	2,14,799	1,89,063
2	<b>Current assets</b>			
	Financial Assets			
	- Cash and Cash Equivalents	3	8,60,017	8,95,110
	Other Current Assets	4	34	34
	<b>TOTAL ASSETS</b>		<b>11,72,889</b>	<b>11,82,246</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>			
	Equity Share Capital	5	2,50,000	2,50,000
	Other Equity	6	9,15,031	9,19,388
2	<b>Liabilities</b>			
	<b>Current Liabilities</b>			
	Financial Liabilities			
	- Trade Payables	7	3,000	8,000
	- Other Financial Liabilities	8	4,858	4,858
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,72,889</b>	<b>11,82,246</b>

The accompanying notes are an integral part of these standalone financial statements

For and on behalf of Board of Directors

  
B. MAHABALA

Mumbai : 29<sup>th</sup> June 2021

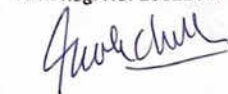


As per our Report of even date.

MAYUR CHOKSHI & CO.

Chartered Accountants

Firm Reg. No. 106116W



MAYUR CHOKSHI

Proprietor

Memb No : 033936

Mumbai : 29<sup>th</sup> June, 2021



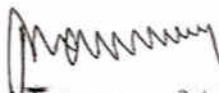
# Zodiac Clothing Company SA

## Statement of Profit and Loss

	Note No.	Year ended 31st Mar, 2021 in CHF	Year ended 31st Mar, 2020 in CHF
<b>CONTINUING OPERATIONS</b>			
<b>I INCOME</b>			
Other Income	9	8,92,482	9,36,863
<b>Total Income:</b>		<b>8,92,482</b>	<b>9,36,863</b>
<b>II EXPENSES</b>			
Other Expenses	10	27,839	81,299
<b>Total Expenses:</b>		<b>27,839</b>	<b>81,299</b>
III Profit / (loss) before exceptional items and tax		8,64,643	8,55,564
IV Exceptional Item			
V Profit / (Loss) Before Tax		8,64,643	8,55,564
VI Tax Expense			
Current Tax			1,143
VII Profit/(Loss) for the Year from Continuing Operations		8,64,643	8,54,421
VIII Other Comprehensive Income			
IX Total Comprehensive Income for the Year		8,64,643	8,54,421

The accompanying notes are an integral part of these standalone financial statements

For and on behalf of Board of Directors

  
B. MAHABALA



Mumbai: 29<sup>th</sup> JUNE 2021.

As per our Report of even date.

MAYUR CHOKSHI & CO.  
Chartered Accountants  
Firm Reg. No. 106116W



MAYUR CHOKSHI

Proprietor

Memb No : 033936

Mumbai: 29<sup>th</sup> JUNE, 2021

# Zodiac Clothing Company SA

## Notes to the standalone financial statements

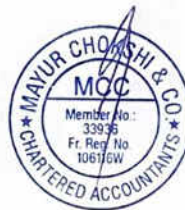
	As at 31st March 2021 in CHF	As at 31st March 2020 in CHF
<b>1 Investments in Subsidiaries, Associates and Joint Venture</b>		
<b>Investment in Subsidiaries</b>		
Unquoted		
Equity Instruments, at cost		
1,713,750 Equity Shares of Rs.5/- each, fully paid up, of Zodiac Clothing UAE LLC	98,039	98,039
<b>Total</b>	<b>98,039</b>	<b>98,039</b>
Aggregate amount of unquoted investments before impairment	98,039	98,039
Aggregate amount of impairment in the value of investment		
<b>2 Non- Current Loans</b>		
(Unsecured, considered good)		
Loans to related parties		
- Zodiac Clothing Co (UAE) LLC	2,14,799	1,89,063
<b>Total</b>	<b>2,14,799</b>	<b>1,89,063</b>
<b>3 Cash and Cash Equivalents</b>		
Balances with Banks - In Current Accounts	8,60,017	8,95,110
<b>Total</b>	<b>8,60,017</b>	<b>8,95,110</b>
<b>4 Other Current Assets</b>		
Prepaid Expenses	34	34
<b>Total</b>	<b>34</b>	<b>34</b>
<b>5 Equity Share Capital</b>		
Authorised		
Issued, Subscribed, and Fully paid up	2,50,000	2,50,000
<b>Total</b>	<b>2,50,000</b>	<b>2,50,000</b>



# Zodiac Clothing Company SA

## Notes to the standalone financial statements

	As at 31st March 2021 in CHF	As at 31st March 2020 in CHF
<b>6 Other Equity</b>		
<b>GENERAL RESERVES</b>	50,000	50,000
<b>RETAINED EARNINGS</b>		
Opening Balance	8,69,388	9,42,967
Profit for the year	8,64,643	8,54,421
Other Comprehensive Income for the year		
Total Comprehensive Income for the year		
Dividends	(8,69,000)	(9,28,000)
Closing Balance	8,65,031	8,69,388
<b>TOTAL OTHER EQUITY</b>	<b>9,15,031</b>	<b>9,19,388</b>
<b>7 Trade Payables</b>		
Trade payables	3,000	8,000
Total	3,000	8,000
<b>8 Other Current Financial Liabilities</b>		
Other payables	4,858	4,858
Total	4,858	4,858



**Zodiac Clothing Company SA**  
Notes to the standalone financial statements

9 Other Income	Year Ended 31st		Year Ended 31st	
	March, 2021	in	March, 2020	in
	CHF	CHF	CHF	CHF
Interest Income	5,736		10,856	
Dividend Income	8,62,178		9,06,007	
Management Fees	20,000		20,000	
Net Gain on Foreign Currency Transactions	4,568			
<b>Total</b>	<b>8,92,482</b>		<b>9,36,863</b>	
<b>10 Other Expenses .</b>				
Insurance	510		510	
Legal and Professional Expenses	15,685		14,111	
Payments to Auditors			1,168	
Director Fees	11,121		12,100	
Exchange Fluctuation - Others			51,651	
Bank Charges	523		415	
Miscellaneous Expenses			1,344	
<b>Total</b>	<b>27,839</b>		<b>81,299</b>	

