

VLCC International Inc.

Separate Financial Statements
For the year ended March 31, 2019

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Separate Financial Statements
For the year ended March 31, 2019

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Independent Auditor's Report To the Shareholders of VLCC International Inc.

Report on the Audit of Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of VLCC International Inc. ("the Company"), which comprise the statement of financial position as at March 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Code of Ethics as issued by International Ethics Standards Board for Accountants (IESBA), 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 Separate Financial Statements

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

In preparing the separate 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.



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**Independent Auditor's Report
To the Shareholders of VLCC International Inc.**

Report on the Audit of Separate Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.



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**Independent Auditor's Report
To the Shareholders of VLCC International Inc.**

Report on the Audit of Separate Financial Statements (continued)

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.

Grant Thornton

**Grant Thornton
Farouk Mohamed
Registration No. 86
Dubai, September 15, 2019**



VLCC International Inc.
Separate Financial Statements

Statement of financial position
As at March 31, 2019

	Notes	2019 AED	2018 AED
ASSETS			
Non-current			
Investment in subsidiaries	5	<u>91,490,799</u>	84,530,738
Current			
Amounts due from related parties	9.3	-	5,291,166
Other receivables		-	169,434
Cash and cash equivalents	6	<u>3,808</u>	3,255
		<u>3,808</u>	5,463,855
TOTAL ASSETS		<u>91,494,607</u>	<u>89,994,593</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	13,850,904	12,458,373
Share premium	8	49,276,206	46,393,668
Accumulated losses		<u>(4,775,423)</u>	<u>(2,693,047)</u>
TOTAL EQUITY		<u>58,351,687</u>	<u>56,158,994</u>
Liabilities			
Non-current			
Borrowings	10	<u>1,691,398</u>	4,822,960
Current			
Amount due to related parties	9.2	7,595,837	8,812,503
Trade payables		20,953,646	15,196,727
Borrowings	10	<u>2,902,039</u>	5,003,409
		<u>31,451,522</u>	29,012,639
TOTAL LIABILITIES		<u>33,142,920</u>	<u>33,835,599</u>
TOTAL EQUITY AND LIABILITIES		<u>91,494,607</u>	<u>89,994,593</u>

The separate financial statements for the year ended March 31, 2019 (including comparatives) were approved on September 15, 2019:

Sanjeev Setia
 Director

Dubai, United Arab Emirates

The accompanying notes 1 to 12 form an integral part of these separate financial statements.

VLCC International Inc.
Separate Financial Statements

Statement of comprehensive income
For the year ended March 31, 2019

	Note	2019 AED	2018 AED
Other income	9.1	37,570	26,917
Foreign exchange (loss)/gain		(467,127)	634,505
Salaries and other benefits		(1,320,000)	-
Administrative and general expenses		(78,486)	(87,204)
Finance cost		(254,333)	(679,661)
Loss for the year before exceptional expense		(2,082,376)	(105,443)
Exceptional expense			
Loss on sale of Investment in subsidiary		-	(4,603,936)
Net loss for the year		(2,082,376)	(4,709,379)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,082,376)	(4,709,379)

The accompanying notes 1 to 12 form an integral part of these separate financial statements.

VLCC International Inc.
Separate Financial Statements

Statement of changes in equity
For the year ended March 31, 2019

	Share capital AED	Share premium AED	Retained earnings/ (accumulated losses) AED	Total AED
Balance at March 31, 2017	12,010,173	45,465,897	2,016,332	59,492,402
Additional capital introduced	448,200	927,771	-	1,375,971
Total comprehensive loss for the year	-	-	(4,709,379)	(4,709,379)
Balance at March 31, 2018	12,458,373	46,393,668	(2,693,047)	56,158,994
Additional capital introduced	1,392,531	2,882,538	-	4,275,069
Total comprehensive loss for the year	-	-	(2,082,376)	(2,082,376)
Balance at March 31, 2019	13,850,904	49,276,206	(4,775,423)	58,351,687

The accompanying notes 1 to 12 form an integral part of these separate financial statements.

VLCC International Inc.
Separate Financial Statements

Statement of cash flows
For the year ended March 31, 2019

	Notes	2019 AED	2018 AED
OPERATING ACTIVITIES			
Loss for the year		(2,082,376)	(4,709,379)
Adjustments:			
Unrealised exchange loss/(gain)		467,127	(634,505)
Finance cost		254,333	679,661
Loss on sale of investment in subsidiary		-	4,603,936
		<u>(1,360,916)</u>	<u>(60,287)</u>
Net changes in working capital:			
Change in trade payables		5,756,919	15,141,927
Change in amounts due to related parties		(1,683,793)	(3,678,566)
Change in other receivable		169,434	-
Change in amounts due from related parties		5,291,166	(2,804,313)
Net cash generated from operating activities		<u>8,172,810</u>	<u>8,598,761</u>
INVESTING ACTIVITY			
Additional investment in subsidiaries		(6,960,061)	(4,324,445)
Proceeds from sale of subsidiary		-	1,230,566
Net cash used in investing activity		<u>(6,960,061)</u>	<u>(3,093,879)</u>
FINANCING ACTIVITY			
Repayment of borrowings		(5,232,932)	(6,198,740)
Proceeds from issue of share capital		4,275,069	1,375,971
Interest paid		(254,333)	(679,661)
Net cash used in financing activity		<u>(1,212,196)</u>	<u>(5,502,430)</u>
Net change in cash and cash equivalents		553	2,452
Cash and cash equivalents, beginning of year		<u>3,255</u>	<u>803</u>
Cash and cash equivalents, end of year	6	<u>3,808</u>	<u>3,255</u>

The accompanying notes 1 to 12 form an integral part of these separate financial statements.

VLCC International Inc.
Separate Financial Statements

Notes to the separate financial statements
For the year ended March 31, 2019

1 Legal status and nature of operations

VLCC International Inc. (the "Company") is a limited liability company registered in British Virgin Island (BVI), pursuant to the BVI Business Companies Act, 2004 under the registered number of 627967. The registered address of the Company is Akara Building, 24 de Castro Street, Wickhams Cay 1, Road Town, Tortola, BVI.

The principal activities of the Company is to carry on business of an investment company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee, share stocks, debentures, debenture stocks, bonds, notes, obligations or securities. Details of the subsidiaries of the Company are set out in note 5.

The Company is the holding company of entities incorporated in the United Arab Emirates (UAE), Europe, Sultanate of Oman, Kingdom of Bahrain, Qatar, Egypt, Kuwait, Malaysia, Singapore and Africa. The ultimate parent of the Company is VLCC Healthcare Limited (the "Ultimate Parent"), a limited company incorporated and registered in India.

2 Statement of compliance with IFRS

These are the separate financial statements of the Company and do not consolidate the activities of subsidiaries. Consolidated financial statements as required by IFRS are also prepared by the management and are available at the represented office of the Company.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019

The following significant pronouncements from the IASB have been issued and have been adopted by the Company.

- a) The IASB has issued IFRS 9 'Financial Instruments', which supersedes IAS 39 'Financial Instruments: Recognition and Measurement' and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 covers classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting.

Management has assessed the implementation of this new standard and confirmed that it has no significant impact on the financial statements. There have been no changes to the classification or measurement of financial instruments as a result of its application.

- b) The IASB issued IFRS 15 'Revenue from Contracts with Customers', which provides a single model for accounting for revenue arising from contracts with customers and is effective for annual periods beginning on or after 1 January 2018. IFRS 15 will supersede IAS 18 'Revenue'.

Management has assessed the implementation of this new standard and determined that it has no impact on revenue in terms of the amount and timing of revenue recognition.

VLCC International Inc.
Separate Financial Statements

Notes to the separate financial statements (continued)
For the year ended March 31, 2019

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

The IASB issued IFRS 16 'Leases' which will supersede IAS 17 'Leases' and related interpretations and applies to annual reporting periods beginning on or after 1 January 2019. IFRS 16 brings most leases on balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases.

Management is in the process of assessing the impact of this standard on the consolidated financial statements. Therefore, the impact is not known as at the reporting date.

4 Summary of significant accounting policies

4.1 Overall considerations

These separate financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Foreign currency

These separate financial statements are presented in United Arab Emirates (UAE) Dirhams (AED), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

All subsidiaries have a reporting date of March 31.

Notes to the separate financial statements (continued)
For the year ended March 31, 2019

4.4 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Company's financial assets comprise trade and most other receivables, amounts due from related parties and cash and cash equivalents. These are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income - net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

4 Summary of significant accounting policies (continued)

4.4 Financial Instruments (continued)

Classification and subsequent measurement of financial assets (continued)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Company's, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified Company.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in Company's, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified Company.

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Notes to the separate financial statements (continued)
For the year ended March 31, 2019

4 Summary of significant accounting policies (continued)

4.4 Financial Instruments (continued)

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and most other payables, amount due to a related party and borrowings.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

4.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.6 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts and are initially and subsequently recorded at fair value.

For purpose of the statement of cash flows, all cash and bank balances including bank overdraft are considered to be cash and cash equivalents.

4.7 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes premiums received on issue of share capital more than its nominal value. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits/losses.

VLCC International Inc.
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Notes to the separate financial statements (continued)
For the year ended March 31, 2019

4 Summary of significant accounting policies (continued)

4.8 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.9 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.10 Significant management judgment in applying accounting policies

The following are significant management judgments and critical estimates in applying the accounting policies of the Company that have the most significant effect on the separate financial statements.

When preparing the separate financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided in the following page.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

VLCC International Inc.
Separate Financial Statements

Notes to the separate financial statements (continued)
For the year ended March 31, 2019

4 Summary of accounting policies (continued)

4.10 Significant management judgment in applying accounting policies (continued)

Control assessment

The Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Company's investees held during the period or comparative periods covered by these consolidated financial statements.

Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

5 investment in subsidiaries

The Company holds investments in the following subsidiaries as at March 31:

	Ownership interest (%)		Country of incorporation and operation	Principal activity
	2019	2018		
VLCC International L.L.C.	100	100	United Arab Emirates	Operating beauty, slimming, fitness and health care.
VLCC (Middle East) L.L.C.	100	100	United Arab Emirates	General trading.
VLCC Europe Ltd.	100	100	England and Wales	General commercial Company.
VLCC International Limited Liability Company	70**	70**	Oman	Operating beauty, slimming, fitness and health care.
VLCC International (Bahrain) W.L.L.	-	-***	Bahrain	Operating beauty, slimming, fitness and health care.
VLCC International Qatar Co W.L.L.	100	100	Qatar	Operating beauty, slimming, fitness and health care.
VLCC Healthcare Egypt L.L.C.	99*	99*	Egypt	Operating beauty, slimming, fitness and health care.
VLCC Singapore PTE Ltd.	100	100	Singapore	General commercial Company.
VLCC Overseas Limited	100	100	United Arab Emirates	Invest in shares, debentures, bonds and act as an investment and holding Company.
Wyann International SDN BHD	76*	76*	Malaysia	Operating beauty, slimming, fitness and health care.
VLCC Wellness (East Africa) Limited	70*	70*	Africa	Operating beauty, slimming, fitness and health care.
VLCC International Kuwait Healthcare Institute L.L.C.	100	100	Kuwait	Operating beauty, slimming, fitness and health care.

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Notes to the separate financial statements (continued)
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5 Investment in subsidiaries (continued)

*Although the Company has more than half of the ownership interests in the above mentioned subsidiaries, the Company is exposed or, has right, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. The Company establishes 100% beneficial interests in these subsidiaries by virtue of such agreements.

** The Company is able to govern the financial and operating policies of the above mentioned subsidiary, by virtue of an agreement with the other investor of the subsidiary, through which it establishes 100% beneficial interest in that subsidiary.

***On May 1, 2017, the Company sold its 100% investment in VLCC International (Bahrain) WLL to Al Sharif and Al Sowaidi (SAS), Trading and Contracting Co. WLL for a consideration of AED 1.4 million.

Total investment in subsidiaries as at March 31 can be summarised as follows:

	2019 AED	2018 AED
Investments in subsidiaries (note 5.1)	32,314,286	31,780,815
Contributed capital (note 5.2)	59,176,513	52,749,923
	<u>91,490,799</u>	<u>84,530,738</u>

5.1 Investments in subsidiaries

	2019 AED	2018 AED
VLCC Singapore PTE Ltd.	16,160,368	15,626,897
Wyann International SDN BHD	11,498,551	11,498,551
VLCC Wellness (East Africa) Limited	2,040,077	2,040,077
VLCC International Limited Liability Company	1,440,300	1,440,300
VLCC International Kuwait Healthcare Institute LLC	324,000	324,000
VLCC International L.L.C.	300,000	300,000
VLCC (Middle East) L.L.C.	300,000	300,000
VLCC International Qatar Co W.L.L.	204,232	204,232
VLCC Healthcare Egypt L.L.C.	36,751	36,751
VLCC Overseas Limited	10,000	10,000
VLCC Europe Ltd.	7	7
	<u>32,314,286</u>	<u>31,780,815</u>

5.2 Contributed capital

	2019 AED	2018 AED
VLCC International Kuwait Healthcare Institute L.L.C.	27,444,383	26,323,617
VLCC International Qatar Co W.L.L.	15,958,130	18,063,643
VLCC Overseas Limited	8,362,662	8,362,663
Wyann International SDN BHD	3,382,515	-
VLCC (Middle East) L.L.C.	2,797,396	-
VLCC International L.L.C. - Oman	1,231,427	-
	<u>59,176,513</u>	<u>52,749,923</u>

The capital contribution is repayable at the discretion of the subsidiary.

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6 Cash and cash equivalents

Cash and cash equivalents include the following:

	2019 AED	2018 AED
Cash at bank	<u>3,808</u>	<u>3,255</u>

7 Share capital

The share capital of the Company consists of 3,779,316 shares (2018: 3,399,837) with nominal value of USD 1 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder's meeting of the Company.

	2019 AED	2018 AED
10,000,000 shares of USD 1 each equivalent to	<u>36,720,000</u>	<u>36,720,000</u>
Issued and paid up capital		
Balance at the beginning of the year	12,458,373	12,010,173
Issued during the year	<u>1,392,531</u>	448,200
Balance at the end of the year	<u>13,850,904</u>	<u>12,458,373</u>

8 Share premium

	2019 AED	2018 AED
Balance at the beginning of the year	46,393,668	45,465,897
Issued during the year	<u>2,882,538</u>	927,771
Balance at the end of the year	<u>49,276,206</u>	<u>46,393,668</u>

9 Related parties

The Company in the normal course of business carries on transactions with other enterprises that fall within the definition of related party. These transactions are carried out in the normal course of business and are measured at the amounts agreed to by both the parties.

The Company's related parties include its related parties and key management as described below.

9.1 Transaction with related parties

Transactions carried out with related parties:

	2019 AED	2018 AED
<i>Subsidiary:</i>		
Brand fees	37,570	26,917
<i>Key management personnel:</i>		
Salaries and benefits	<u>1,320,000</u>	-

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9 Related parties

9.2 Amounts due to related parties

	2019	2018
	AED	AED
<i>Subsidiary:</i>		
VLCC International LLC	6,492,826	7,689,740
VLCC Overseas Limited	737,833	762,888
VLCC Wellness East Africa Ltd.	365,178	299,565
VLCC International Limited Liability Company	-	60,310
	<u>7,595,837</u>	<u>8,812,503</u>

9.3 Amounts due from related parties

	2019	2018
	AED	AED
<i>Subsidiary:</i>		
VLCC (Middle East) L.L.C.	-	3,914,306
Wyann International SDN BHD	-	1,376,860
	<u>-</u>	<u>5,291,166</u>

10 Borrowings

	2019	2018
	AED	AED
Borrowings	4,593,437	9,826,369
Less: current portion	<u>(2,902,039)</u>	<u>(5,003,409)</u>
Non-current	<u>1,691,398</u>	<u>4,822,960</u>

- Loan 1 is a term loan facility for an amount of USD 3,500,000 obtained for the purpose of reimbursement of capex incurred for center in Kuwait and Qatar respectively. The loan is repayable in 60 monthly installments. In 2019, the Company has fully settled their outstanding payable to the bank for Loan 1.

- Loan 2 is a term loan facility for an amount of USD 3,000,000, obtained for the purpose of opening new centers in overseas markets, and is repayable in 60 monthly installments that matures on September 7, 2020.

- The loan bears interest of LIBOR plus 350 basis points. The loan is secured through a standby letter of credit of the bank.

All of the above term loans are secured by the following:

- a) First parri passu charge on the entire current and movable assets of VLCC Healthcare Ltd. both present and future.
- b) Escrow of credit card receivable of the Company on proportional basis.
- c) Personal Guarantee of Mr. Mukesh Luthra.
- d) 100% SBLC of HDFC Bank Ltd on behalf of VLCC Healthcare Ltd, Tenor of SBLC is to be 61 months.
- e) Any other security as stipulated by the bank

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11 Financial instrument risk management objectives and policies

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

The Company is exposed to various risks in relation to financial instruments.

The Company's risk management is coordinated at its Parent level, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

11.1 Foreign currency

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Company's transactions are carried out in AED. The Company does not have major exposure in currency other than AED and the United States Dollar (USD). The risk related to the transactions denominated in USD is low as the AED is pegged against USD, hence the risk arises from fluctuations in currency exchange rates is very minimal.

11.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk with respect to its borrowings. The Company's borrowings are based on variable rates.

Positions are monitored regularly to ensure positions are maintained within established limits.

The Company does not have any off-balance sheet financial instrument which are used to manage the interest rate risk.

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Notes to the separate financial statements (continued)
For the year ended March 31, 2019

11 Financial instrument risk management objectives and policies (continued)

11.2 Interest rate risk (continued)

Interest rate sensitivity analysis

The table below illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of ± 100 basis points (March 31, 2018: ± 100 basis points). This change is considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Loss for the year	
	AED	AED
	+100 bps	-100 bps
2019		
Borrowings	45,934	45,934
2018		
Borrowings	(98,264)	98,264

11.3 Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019	2018
	AED	AED
Classes of financial assets - carrying amounts:		
Amounts due from related parties (note 9.3)	-	5,291,166
Other receivables	-	169,435
Cash and cash equivalents (note 6)	3,808	3,255
	<u>3,808</u>	<u>5,463,856</u>

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with quality credit ratings.

Related party receivables are considered fully recoverable.

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For the year ended March 31, 2019

11 Financial instrument risk management objectives and policies (continued)

11.3. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

All the Company's financial liabilities are non-derivative and have contractual maturities of less than twelve months from the reporting date and do not carry any interest except borrowings as disclosed in note 10.

12 Capital management policies and procedures

The Company's objective when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of cash and cash equivalents and equity as disclosed in the statement of financial position. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2019	2018
	AED	AED
Total equity	58,351,687	56,158,994
Cash and cash equivalents (note 6)	(3,808)	(3,255)
Capital	<u>58,347,879</u>	<u>56,155,741</u>
Total equity	58,351,687	56,158,994
Borrowings (note 10)	4,593,437	9,826,369
Overall financing	<u>62,945,124</u>	<u>65,985,363</u>
Capital-to-overall financing ratio	<u>0.93</u>	<u>0.85</u>