SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Auditor's report and Financial statements
For the year ended March 31, 2019

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

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SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

General information

Principal office address	:	Units No. 1007, 1018 & 1019 Building No. 64 Dubai Healthcare City P.O. Box 505143 Dubai – United Arab Emirates T: +971 4 4483100	
The Directors	:	Name Mr. Arindam Haldar Mr. Saurabh Chadha	Nationality Indian Indian
The Auditor	:	Crowe Mak P.O. Box 6747 Dubai - United Arab Emirates	
The Main Bank	:	Mashreq Bank PSC	

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Directors' report

The Directors have pleasure in presenting their report and the audited financial statements of SRL Diagnostics FZ - LLC for the year ended March 31, 2019.

Principal activities of the Entity

The Entity is licensed by the Dubai Healthcare City Authority issued by the Government of Dubai to operate as diagnostic centre and medical laboratory.

Financial review

The table below summarizes the results of 2019 and 2018 denoted in Arab Emirates Dirham (AED).

	For the year ended March 31,	
	2019	2018
Revenue	**15,230,528**	17,007,091
Gross profit	**3,941,659**	5,414,211
Net (loss)	**(7,801,518)**	(3,845,442)

Role of the Directors

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor performance of the Entity's business, guide and supervise its management.

Going concern

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements, the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes it to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

Events after year end

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the entity.

Auditor

M/s. Crowe Mak, Dubai - United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities

The applicable requirements require the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the entity and its financial performance for the year then ended.

Directors' report (continued)

Statement of Directors' responsibilities (continued)

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statements were approved by the Board and signed on behalf by the authorized representative of the Entity.

Arindam Haldar
Director

May 16, 2019

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Ref: ZM/B1702H/May 2019

Independent auditor's report

To,
Shareholder
SRL Diagnostics FZ-LLC
P.O. Box 505143
Dubai Healthcare City, Dubai - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **SRL Diagnostics FZ-LLC, Dubai Healthcare City, Dubai - United Arab Emirates** ("the Entity") which comprises the statement of financial position as at **March 31, 2019**, and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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 Entity 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 (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 for the Audit of the financial statements section of our report. We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements 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 those charged with governance for the financial statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as those charged with governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Crowe

Independent auditor's report (continued)

Auditor's 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 Entity '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 Entity'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 Entity 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.

Crowe

Independent auditor's report (continued)

Report on other legal and regulatory requirements

As required by the U.A.E. DHCC Company Regulation No. 8 of 2013 (the "company regulation"), we further confirm that,

1. We have obtained all the information and explanations which we consider necessary for our audit,
2. The financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. DHCC company regulation No. 8 of 2013 (the "company regulation"), and the Articles of Association of the Entity,
3. Proper books of accounts have been maintained by the Entity,
4. The contents of the Directors' report which relates to the financial statements are in agreement with the Entity 's books of account,
5. Note 6 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and
6. Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the U.A.E. DHCC Company Regulation No. 8 of 2013 (the "company regulation") and the Articles of Association of the Entity, which would materially affect its activities or its financial position as of March 31, 2019.

K. Mahmood

Khalid Mehmood Chaudhry
Senior Partner
Crowe Mak
Registration Number 635
Dubai, U.A.E.

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CROWE MAK

May 16, 2019

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of financial position as at March 31, 2019
In Arab Emirates Dirham

	Notes	2019	2018
Assets			
Non-current assets			
Property and equipment	4	**633,233**	919,084
Investment in subsidiary	5	**-**	98,000
Total non-current assets		**633,233**	1,017,084
Current assets			
Inventories	7	**844,118**	1,160,043
Accounts receivable	8	**6,688,768**	10,698,454
Advances, deposits and other receivables	9	**871,925**	1,306,049
Due from related parties	6	**-**	1,298,289
Cash and bank balances	10	**597,736**	500,186
Total current assets		**9,002,546**	14,963,021
Total assets		**9,635,779**	15,980,105
(Deficit) / equity and liabilities			
(Deficit) / Equity			
Share capital	11	**506,000**	506,000
Share premium	12	**5,239,583**	5,239,583
Reserve	13	**84,644,269**	84,644,269
Accumulated losses	14	**(94,504,057)**	(86,702,539)
Total (deficit) / equity		**(4,114,205)**	3,687,313
Non-current liabilities			
Loan from a related party	6	**58,846**	58,846
Employees' end of service benefits	15	**993,693**	865,227
Total non-current liabilities		**1,052,539**	924,073
Current liabilities			
Accounts and other payables	16	**6,324,805**	6,350,818
Due to a related party	6	**6,372,640**	5,017,901
Total current liabilities		**12,697,445**	11,368,719
Total liabilities		**13,749,984**	12,292,792
Total (deficit) / equity and liabilities		**9,635,779**	15,980,105

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7-31 were approved on May 16, 2019 and signed on behalf of the Entity, by:

Arindam Haldar
Director

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2019

In Arab Emirates Dirham

	Notes	2019	2018
Revenue	17	**15,230,528**	17,007,091
Direct cost	18	**(11,288,869)**	(11,592,880)
Gross profit		**3,941,659**	5,414,211
Other income	19	-	3,500
Selling and distribution expenses	20	**(98,568)**	(370,098)
Administrative expenses	21	**(11,644,609)**	(8,893,055)
Net (loss) for the year		**(7,801,518)**	(3,845,442)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		**(7,801,518)**	(3,845,442)

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7-31 were approved on May 16, 2019 and signed on behalf of the Entity, by:

Arindam Haldar
Director

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2019
In Arab Emirates Dirham

	Share capital	Share premium	Reserve	Accumulated losses	Total equity
Balance as at March 31, 2017	300,000	-	84,644,269	(82,857,097)	2,087,172
(Loss) for the year	-	-	-	(3,845,442)	(3,845,442)
Additional share capital issued	206,000	-	-	-	206,000
Share premium	-	5,239,583	-	-	5,239,583
Balance as at March 31, 2018	506,000	5,239,583	84,644,269	(86,702,539)	3,687,313
(Loss) for the year	-	-	-	(7,801,518)	(7,801,518)
Balance as at March 31, 2019	**506,000**	**5,239,583**	**84,644,269**	**(94,504,057)**	**(4,114,205)**

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of cash flows for the year ended March 31, 2019
In Arab Emirates Dirham

	2019	2018
Cash flows from operating activities		
Net (loss) for the year	(7,801,518)	(3,845,442)
Adjustments for:		
Depreciation on property and equipment (note 4)	285,851	303,857
Allowance for doubtful accounts recievables (note 21)	2,412,397	355,460
Allowance for doubtful related parties (note 21)	1,309,886	
Provision for employees' end of service benefits (Note 15)	374,972	450,000
	(3,418,412)	(2,736,125)
(Increase) / decrease in current assets		
Inventories	315,925	685,357
Accounts receivable	287,403	584,370
Advances, deposits and other receivables	434,124	(101,051)
Due from related parties	1,298,289	(72,790)
Increase / (decrease) in current liabilities		
Accounts and other payables	(26,013)	(300,517)
Due to a related party	1,354,739	(2,864,809)
Cash generated from operations	246,055	(4,805,565)
Employees' end-of-services benefits paid (note 15)	(246,506)	(171,732)
Net cash (used in) operating activities	(451)	(4,977,297)
Cash flows from investing activities		
Proceeds from sale of investments in subsidiaries	98,000	-
Purchase of property and equipment (note 4)	-	(475)
Net cash from / (used in) investing activities	98,000	(475)
Cash flows from financing activities		
Capital introduced	-	206,000
Share premium	-	5,239,583
Net cash from financing activities	-	5,445,583
Net increase in cash and cash equivalents	97,549	467,811
Cash and cash equivalents, beginning of the year	500,186	32,375
Cash and cash equivalents, end of the year	597,735	500,186
Cash and cash equivalents		
Cash in hand	10,281	35,108
Cash at bank	587,454	465,078
	597,735	500,186

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

1 Legal status and business activities

1.1 **SRL Diagnostics FZ-LLC, Dubai Healthcare City, Dubai - United Arab Emirates** (the "Entity") was incorporated in February 11, 2009 as a free zone entity with a limited liability under commercial license issued by the Dubai Healthcare City of the Government of Dubai.

1.2 The Entity is licensed by the Dubai Healthcare City Authority issued by the Government of Dubai to operate as diagnostic centre and medical laboratory.

1.3 The registered office of the Entity is located at Units No. 1007, 1018 and 1019, Building No. 64, Dubai Healthcare City, P.O. Box 505143, Dubai, United Arab Emirates.

1.4 The management and control are vested with Mr. Mayur Sabhani, Managing Director, Indian national.

1.5 These financial statements incorporate the operating results of the Commercial License No. 358.

2 New standards and amendments

2.1 New standards and amendments -applicable January 1, 2018

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 1, 2018.

IFRS 9 Financial Instruments and associated amendments to various other standards.
IFRS 15 Revenue from contracts with customer and associated amendments to various other standards
Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
Annual improvements 2014-2016 cycle
Transfers of Investment Property – Amendments to IAS 40
Interpretation 22 Foreign Currency Transactions and Advance Consideration

2 New standards and amendments (continued)

2.2 New standards and amendments issued but not effective for the current annual period.

The following standards and interpretations had been issued were not mandatory for annual reporting periods ending December 31, 2018.

Description	Effective for annual periods beginning on or after
IFRS 16 - Leases	January 1, 2019. Earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

2.3 Impact of standards adopted in 2018

2.3.1 IFRS 15 Revenue from Contract with Customers

The effect of adoption of IFRS 15 on the balance sheet and retained earnings is not material and disclosed where applicable in the Notes to these financial statements.

2.3.2 IFRS 9 Financial Instruments

The Entity adopted IFRS 9 Financial Instruments from January 1, 2018. The effect of adoption of IFRS 9 on the balance sheet and retained earnings is not material.

2 New standards and amendments (continued)

2.4 Impact of standards issued but not yet applicable

2.4.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and will supersede IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance lease is removed for leases. Under the new standard, both an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The standard is mandatory for financial years commencing on or after January 1, 2019. The Entity has decided not to adopt the standard before its effective date.

The standard will affect primarily the accounting for the Entity's operating lease. At the reporting date, the Entity has non cancellable operating lease commitments of AED 333,956.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards. These financial statements are presented in Arab Emirates Dirham (AED) which is the Entity functional and presentation currency.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

3.3 Current/Non current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

3 Significant accounting policies (continued)

3.4 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.5 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.6 Consolidated financial statements

The Entity owns 49% of the issued share capital of its subsidiary SRL Diagnostics Middle East LLC incorporated in Ras Al Khaimah, United Arab Emirates and have the control over the subsidary. The Entity is not mandatorily required to prepare consolidated financial statements as it satisfies all the conditions for the exemption enunciated in paragraph 4 of the International Financial Reporting Standard "IFRS 10-Consolidated Financial Statements".

3.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

3 Significant accounting policies (continued)

3.8 Property and equipment (continued)

Depreciation is spread over its useful lives so as to write off the cost of property and equipment, using the straight-line method over its useful lives as follows:

	Years
Laboratory assets	5
Office partitions and improvements	5
Computers	5
Office equipment	5
Furniture and fixtures	5
Motor vehicles	5

When part of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

3.9 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3 Significant accounting policies (continued)

3.10 Investments in subsidiary

The investments in subsidiary is accounted for using cost method as suggested by IAS 39 "Financial Instruments: Recognition and Measurement.

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.11.1 Financial assets

Classification

The Entity classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Entity reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets comprise of cash and cash equivalents, receivables, due from related parties and other financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivable balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectable amounts. The Entity assesses on a forward-looking basis the expected credit losses associated with its receivables and adjusts the value to the expected collectible amounts.

Receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

3 Significant accounting policies (continued)

3.11.1 Financial assets (continued)

Due from related parties

Due from related parties are measured at amortised cost.

Impairment of financial assets

For accounts receivables and due from related parties, the Entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

3.11.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include accounts and other payables,due to and loans from a related party.

Accounts and other payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to/loan from related parties

Amounts due to/loan from related parties are stated at amortised cost.

3.12 Offsetting financial instruments

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

3 Significant accounting policies (continued)

3.13 Inventories

Inventories are stated at average cost and consist of mainly consumables and stores. Costs of inventories are determined on a weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.14 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

3.15 Revenue recognition

Revenue in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised services to the customer.

The consideration expected by the Entity may include fixed or variable amounts which can be impacted by sales returns.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of value added tax (VAT). A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

<u>Diagnostic test fees</u>

Diagnostic services refers clinical services of pathology and laboratory medicine, radiology and nuclear medicine. The performance obligation is satisfied upon the delivery of the test reports based on the samples provided by the customer.

3 Significant accounting policies (continued)

3.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of income set out in IFRS 15. The management is satisfied that control has been transferred and that recognition of income in the current year is appropriate. An entity recognises when the customer simultaneously receives and consumes all of the benefits from the service provided by the Entity as the entity performs and the Entity's performance creates or enhances an asset that the customer controls as the asset is created.

Business model assessment - classification and measurement of financial statements

Classification and measurement of financial assets depends on the results of business model test. The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Key sources of estimation uncertainty

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

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that accounts receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

3 Significant accounting policies (continued)

3.16 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty (continued)

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.

Impairment testing

When the carrying amount of an investment in subsidiary and other receivables is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the profit or loss. Management uses appropriate valuation techniques for calculating estimated recoverable amount. Impairment loss on investment in subsidiaries for the year amounted to AED 98,000 (2018: AED NIL).

4 Property and equipment

	Laboratory assets	Office partitions and improvements	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total
Cost							
As at March 31, 2017	5,422,083	8,656,647	575,291	7,871	104,937	73,490	14,840,319
Additions during the year	-	-	-	-	475	-	475
Disposals during the year	-	-	-	-	-	(6,960)	(6,960)
As at March 31, 2018	5,422,083	8,656,647	575,291	7,871	105,412	66,530	14,833,834
As at March 31, 2019	**5,422,083**	**8,656,647**	**575,291**	**7,871**	**105,412**	**66,530**	**14,833,834**
Accumulated depreciation							
As at March 31, 2017	5,205,955	7,969,807	387,865	7,870	5,302	41,054	13,617,853
Charge for the year	57,811	144,340	68,370	-	20,981	12,355	303,857
Eliminated on disposal during the year	-	-	-	-	-	(6,960)	(6,960)
As at March 31, 2018	5,263,766	8,114,147	456,235	7,870	26,283	46,449	13,914,750
Charge for the year	54,961	144,338	54,287	-	21,047	11,218	285,851
As at March 31, 2019	**5,318,727**	**8,258,485**	**510,522**	**7,870**	**47,330**	**57,667**	**14,200,601**
Carrying value as at March 31, 2019	**103,356**	**398,162**	**64,769**	**1**	**58,082**	**8,863**	**633,233**
Carrying value as at March 31, 2018	158,317	542,500	119,056	1	79,129	20,081	919,084

	For the year ended March 31, 2019	For the year ended March 31, 2018
	AED	AED
Direct Costs (Note 18)	**54,961**	57,811
Administrative expenses (Note 21)	**230,890**	246,046
	285,851	303,857

5 Investment in subsidiaries

	Percentage of ownership interest			
	2019	2018	2019	2018
M/S. S R L Diagnostics Middle East L.L.C, UAE	100%	100%	**98,000**	98,000
			98,000	98,000
*Less: Impairment of investment in subsidiary (note 21)			**(98,000)**	-
			-	98,000

* During the year the management has recognised an impairment of AED 98,000 against investment in subsidary based on a decrease in the value of investment

6 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Due from related parties

	2019	2018
Under common control		
M/S. Mena Healthcare Investment Company Limited., B.V.I	**1,281,999**	1,281,999
M/S. S R L Diagnostics Middle East LLC, U.A.E	**27,887**	16,290
Less: Provision	**(1,309,886)**	-
	-	1,298,289

b) Due to a related party

	2019	2018
Parent company		
M/S. SRL Limited., India	**6,372,640**	5,017,901
	6,372,640	5,017,901

c) Loan from a related party

	2019	2018
Under common control		
M/S. Medical Management Company Limited, B.V.I	**58,846**	58,846
	58,846	58,846

The above loan is free of interest and without any fixed repayment schedule.

d) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended March 31, 2019	2018
Outsourcing cost	**2,978,803**	3,277,324

7 Inventories

	2019	2018
Consumables	844,118	1,160,043
	844,118	1,160,043

The inventories are kept in a laboratory at Dubai Healthcare City, Dubai, United Arab Emirates & warehouse in Al Nahda Industrial Area Sharjah, United Arab Emirates.

8 Accounts receivable

Accounts receivables	10,291,625	11,888,914
Less: Allowance for doubtful debts	(3,602,857)	(1,190,460)
	6,688,768	10,698,454

The averege credit period for the accounts receivables is 90 days (2018: 90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the accounts receivables as at March 31, 2019, there are 5 customers (2018: 9 customers) which represent 13% (2018: 39.01 %) of the total receivables.

Ageing of receivables that are neither past due nor impaired:

1 - 90 days	4,229,424	3,853,653
	4,229,424	3,853,653

Ageing of receivables that are past due but not impaired:

91-120 days	823,796	-
121 - 150 days	710,903	1,741,752
151-180 days	492,357	708,304
180-365 days	432,288	905,859
	2,459,344	3,355,915

The movements in the allowance for doubtful debt as at reporting date are as follows:

Balance at the beginning of the year	1,190,460	835,000
Charge during the year (note 21)	2,412,397	355,460
Balance at the end of the year	3,602,857	1,190,460

In determining the recoverability of accounts receivables, the Entity considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no further credit allowance required for doubtful debts.

Geographical analysis:

The geographical analysis of accounts receivable are as follow:

Within U.A.E.	7,641,195	9,227,461
Outside U.A.E.	2,650,430	2,661,453
	10,291,625	11,888,914

9 Advances, deposits and other receivables

	2019	2018
Prepayments	**654,622**	954,500
Labour guarantee	**156,924**	156,924
Advances to suppliers	**356**	56,976
Staff loan and advances	**27,550**	28,371
VAT receivable-net	**23,153**	-
Other receivables	**9,320**	109,278
	871,925	1,306,049

10 Cash and bank balances

Cash in hand	**10,281**	35,108
Cash at bank	**587,454**	465,078
	597,735	500,186

Management has concluded that the expected credit loss for all bank balances is immaterial as these balances are held with banks whose credit risk rating by international rating agencies has been assessed as low.

11 Share capital

Authorised, issued and paid up capital of the Entity is AED 506,000, divided into 506 shares of AED 1,000

The details of the shareholding as at reporting date are as follows:

Name of Shareholder	Incorporated in	Percentage	No. of shares	2019	2018
SRL Limited	India	100%	**506**	**506,000**	506,000
		100%	**506**	**506,000**	506,000

12 Share premium

Balance at the beginning of the year	**5,239,583**	-
Net movements	**-**	5,239,583
Balance at the end of the year	**5,239,583**	5,239,583

The above share premium represent an amount received by SRL Diagnositcs FZ LLC, Dubai on June 7, 2017 in excess of the par value of the shares.

13 Reserve

	2019	2018
Balance at the beginning of the year	84,644,269	-
Transferred from shareholder loan account	-	84,644,269
Balance at the end of the year	84,644,269	84,644,269

The above reserves represents a loan from Fortis to SRL Diagnostics FZ - LLC which was subsequently treated as reserve in equity.

14 Accumulated losses

	2019	2018
Balance at the beginning of the year	(86,702,539)	(82,857,097)
(Loss) for the year	(7,801,518)	(3,845,442)
Balance at the end of the year	(94,504,057)	(86,702,539)

15 Employees' end of service benefits

	2019	2018
Balance at the beginning of the year	865,227	586,959
Add: charge for the year	374,972	450,000
Less: paid during the year	(246,506)	(171,732)
Balance at the end of the year	993,693	865,227

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

16 Accounts and other payables

	2019	2018
Accounts payable	5,062,940	5,412,898
Accrued salaries and benefits	695,850	702,694
Advances from customers	500	-
Other payables	565,515	235,226
	6,324,805	6,350,818

17 Revenue

	For the year ended March 31, 2019	2018
Contracts with customers	**15,230,528**	17,007,091
	15,230,528	17,007,091

17.1 Disaggregated revenue information

Set out below is the disaggregation of the Entity's revenue from contracts with customers and principals.

Segments	For the year ended March 31, 2019	2018
Type of services		
Diagnostics tests	**15,230,528**	17,007,091
Total revenue from contracts with customers	**15,230,528**	17,007,091
Geographical markets		
Within U.A.E.	**10,481,015**	14,819,550
Outside U.A.E.	**4,749,513**	2,187,541
Total revenue from contracts with customers	**15,230,528**	17,007,091
Timing of revenue recognition		
Services transferred at a point in time	**15,230,528**	17,007,091
Total revenue from contracts with customers	**15,230,528**	17,007,091

17.2 Performance obligations

Information about the Entity's performance obligations are summarised below:

Diagnostic test fees

Diagnostic services refers clinical services of pathology and laboratory medicine, radiology and nuclear medicine. The performance obligation is satisfied upon the delivery of the test reports based on the samples provided by the customer.

18 Direct cost

	For the year ended March 31, 2019	2018
Inventories at the beginning of the year	**1,160,043**	1,845,400
Add: Net purchases	**3,071,002**	3,590,632
Salaries and wages	**3,508,071**	3,720,316
Cost of tests outsourced	**3,987,043**	3,277,324
Depreciation on property and equipment (note 4)	**54,961**	57,811
Other direct costs	**351,867**	261,440
	12,132,987	12,752,923
Less: Inventories, end of the year (note 7)	**(844,118)**	(1,160,043)
	11,288,869	11,592,880

	For the year ended March 31, 2019	2018
19 Other income		
Other income	-	2,500
Gain on sale of property and equipment	-	1,000
	-	3,500
20 Selling and distribution expenses		
Advertisement and business promotions	**76,118**	308,284
Other selling and marketing expenses	**22,450**	61,814
	98,568	370,098
21 Administrative expenses		
Salaries and related benefits	**4,082,366**	5,133,537
Rent	**1,045,216**	1,006,123
Printing and stationery	**63,780**	64,924
Travelling and entertainment	**13,166**	38,645
Legal, visa and professional	**597,548**	545,848
Utilities	**92,183**	87,755
Postage and courier	**231,362**	255,854
Communications	**311,566**	265,015
Repairs & maintenance	**192,954**	239,607
Depreciation on property and equipment (note 4)	**230,890**	246,046
Impairement of investment in subsidiary (note 5)	**98,000**	-
Allowance for doubtful accounts recievables (note 8)	**2,693,309**	355,460
Allowance for doubtful related parties (note 6)	**1,309,886**	
Bad debts written off	**136,165**	-
Insurance	**389,566**	421,835
Conveyance	**62,719**	109,178
Motor vehicle expenses	**15,177**	50,927
Bank charges	**24,503**	27,165
Others	**54,253**	45,136
	11,644,609	8,893,055

22 Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

	As at March 31,		As at March 31,	
	2019	2018	**2019**	2018
Financial assets	Carrying amount		Fair value	
Accounts receivable	**6,688,768**	10,698,454	**6,688,768**	11,888,914
Other receivables	**193,794**	294,573	**193,794**	294,573
Due from related parties	**-**	1,298,289	**-**	1,298,289
Cash and bank balances	**597,735**	500,186	**597,735**	500,186
	7,480,297	12,791,502	**7,480,297**	13,981,962
Financial liabilities				
Loan from a related party	**58,846**	58,846	**58,846**	58,846
Accounts and other payables	**6,324,305**	6,350,818	**6,324,805**	6,350,818
Due to a related party	**6,372,640**	5,017,901	**6,372,640**	5,017,901
	12,755,791	11,427,565	**12,756,291**	11,427,565

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, accounts receivable, due from related parties and certain other assets. Financial liabilities consist of accounts and other payables, due to a related party ,loan from a related party and certain other liabilities.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

23 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

a) Foreign currency risk management

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) Interest rate risk management

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

As at the reporting date, there is no significant interest rate risk as there are no borrowings at floating interest rates as at year end.

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to interest free loans from its shareholders at its disposal to further reduce liquidity risk.

The Entity's objective is to maintain a balance between continuity of funding and flexibility through the equity.

23 Financial risk management objectives (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
				As at March 31, 2019			
Financial assets							
Accounts receivable	-	-	-	-	6,688,768		6,688,768
Other receivables	-	-	-	-	193,794	-	193,794
Cash and bank balances	-	-	-	597,735	-	-	597,735
	-	-	-	597,735	6,882,562	-	7,480,297
Financial liabilities							
Loan from a related party	-	-	-	-	-	58,846	58,846
Accounts and other payables	-	-	-	-	6,324,305	-	6,324,305
Due to a related party	-	-	-	-	6,372,640	-	6,372,640
	-	-	-	-	12,696,945	58,846	12,755,791
				As at March 31, 2018			
Financial assets							
Accounts receivable	-	-	-	-	10,698,454		10,698,454
Other receivables	-	-	-	-	294,573	-	294,573
Due from related parties	-	-	-	-	1,298,289	-	1,298,289
Cash and bank balances	-	-	-	500,186	-	-	500,186
	-	-	-	500,186	12,291,316	-	12,791,502
Financial liabilities							
Loan from a related party	-	-	-	-	-	58,846	58,846
Accounts and other payables	-	-	-	-	6,350,818	-	6,350,818
Due to a related party	-	-	-	-	5,017,901	-	5,017,901
	-	-	-	-	11,368,719	58,846	11,427,565

23 Financial risk management objectives (continued)

d) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all accounts receivables.

Accounts receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on accounts and other receivables are disclosed in Notes 9 and 10 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

24 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

25 Commitments

Operating lease relates to Laboratory premises consisting of 5,937 square foot leased from Dubai Healthcare city since 7th Sep 2016 United Arab Emirates for a period of 3 years. The Entity does not have an option to purchase the leased asset at the expiry of lease period.

	As at March 31,	
	2019	2018
Non-cancelable operating lease commitments:		
Not longer than 1 year	**333,956**	776,758
Longer than 1 year and not longer than 5 years	-	333,956

26 Reclassification

During the year, the management have done certain reclassifications on the statement of financial position for better presentations.