

**Strides Arcolab (Australia) Pty Ltd**

**ABN 30 605 552 234**

**Special Purpose Financial Report  
for the financial period ended 31 March 2017**

## **Special purpose financial report for the period ended 31 March 2017**

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# Directors' report

The directors of Strides Arcolab (Australia) Pty Ltd submit herewith the annual report of the company for the financial period from 1 April 2016 to 31 March 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial period are:

Dennis Bastas – appointed 29 April 2015

Arun Kumar – appointed 29 April 2015

Mohan Kumar Pillai – appointed 1 July 2017

## Principal activities

The parent company of the consolidated entity, Strides Arcolab (Australia) Pty Ltd was incorporated on 29 April 2015. The principal activity of the consolidated entity during the financial period was the sale of generic prescription drugs, as well as an extensive range of non-prescription pharmacy products into the Australian pharmaceutical market.

No significant change in the nature of these activities occurred during the period.

## Review of operations

A review of the operations of the consolidated entity during the financial period and the results of those operations found that during the period, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The profit of the consolidated entity for the financial period after providing for income tax amounted to \$6,380,071.

## Changes in state of affairs

During the financial period, the consolidated Group acquired 50% of Oraderm Pharmaceuticals Pty Ltd jointly with Douglas Pharmaceuticals. In addition, a subsidiary of the company, Pharmacy Alliance Group Holdings acquired 51% of Smarterpharm Pty Ltd.

## Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

## Dividends

A dividend of \$367,500 was paid by Pharmacy Alliance Pty Ltd to the non-controlling interest.

## Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr. Andrew Burgess, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such as officer or auditor.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 4 of this report.

**Rounding of numbers**

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'DB', written over a horizontal line.

Director  
Dennis Bastas  
Melbourne, 23 August 2017



## Directors' declaration

As detailed in Note 3 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Director  
Dennis Bastas  
Melbourne, 23 August 2017

The Board of Directors  
Strides Arcolab (Australia) Pty Ltd  
15-17 Chapel Street  
Cremorne VIC 3121

23 August 2017

Dear Board Members

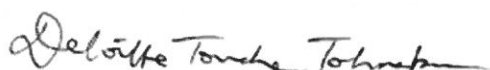
**Strides Arcolab (Australia) Pty Ltd**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Strides Arcolab (Australia) Pty Ltd.

As lead audit partner for the audit of the financial statements of Strides Arcolab (Australia) Pty Ltd for the financial year ended 31 March 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Biermann  
Partner  
Chartered Accountants

## **Independent Auditor's Report to the members of Strides Arcolab (Australia) Pty Ltd**

We have audited the accompanying financial report, being a special purpose financial report, of Strides Arcolab (Australia) Pty Ltd (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the directors as set out on page 3 and pages 7 to 30.

In our opinion, the accompanying financial report of Strides Arcolab (Australia) Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Entity and Group's financial position as at 31 March 2017 and of their financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in note 3 and the *Corporations Regulations 2001*.

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Strides Arcolab (Australia) Pty Ltd in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Strides Arcolab (Australia) Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Directors' responsibilities for the Financial Report*

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 3 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 report 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the directors 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.

## *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 3 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



DELOITTE TOUCHE TOHMATSU



Chris Biermann  
Partner  
Chartered Accountants  
Melbourne, 23 August 2017

## Consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2017

	Notes	2017 \$'000	2016 \$'000
Revenue from operations	4	137,819	66,097
Other income		582	480
Gain on Sale		3,336	-
Foreign exchange gains / (losses)		(472)	4,115
Changes in inventories		(74,887)	(38,247)
Employee benefits expense	5	(19,301)	(5,782)
Finance costs on bank borrowing		(3,957)	(2,236)
Finance costs other		(4,833)	(4,555)
Depreciation	7	(483)	(133)
Amortisation	8	(2,590)	(2,505)
Acquisition related cost		(533)	(11,171)
Administrative expenses		(25,189)	(10,366)
Profit before taxes		9,492	(4,303)
Income tax expense		(3,112)	(2,199)
<b>Profit for the period</b>		<b>6,380</b>	<b>(6,502)</b>
Attributable to:			
Owners of the Company		5,162	(6,611)
Non-controlling interest		1,218	109
		<b>6,380</b>	<b>(6,502)</b>
Other comprehensive income:		-	-
<b>Total comprehensive profit / (loss) for the period</b>		<b>6,380</b>	<b>(6,502)</b>

Notes to the financial statements are included on pages 11 to 30.

## Consolidated statement of financial position at 31 March 2017

	Notes	2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents	15	21,354	11,636
Trade receivables		18,921	14,997
Inventory		46,153	21,217
Prepaid expenses and deposits		534	1,378
Loans receivables	6	1,530	7,120
<b>Total current assets</b>		<b>88,492</b>	<b>56,348</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,736	1,828
Goodwill	9	75,784	73,845
Other intangible assets	8	113,019	155,554
Deferred tax assets		690	537
<b>Total non-current assets</b>		<b>191,229</b>	<b>231,764</b>
<b>Total assets</b>		<b>279,721</b>	<b>288,112</b>
<b>Current liabilities</b>			
Trade and other payables	10	38,991	36,821
Provisions	12	4,023	2,503
Borrowings	11	14,607	5,816
<b>Total current liabilities</b>		<b>57,621</b>	<b>45,140</b>
<b>Non-current liabilities</b>			
Borrowings	11	103,637	149,172
Provisions	12	246	283
Deferred tax liabilities		248	479
<b>Total non-current liabilities</b>		<b>104,131</b>	<b>149,934</b>
<b>Total liabilities</b>		<b>161,752</b>	<b>195,074</b>
<b>Net assets</b>		<b>117,969</b>	<b>93,038</b>
<b>Equity</b>			
Issued capital	13	117,712	98,793
Accumulated losses		(1,449)	(6,611)
Equity attributable to owners of the entity		116,263	92,182
Non-controlling interest		1,706	856
<b>Total equity</b>		<b>117,969</b>	<b>93,038</b>

Notes to the financial statements are included on pages 11 to 30.

## Consolidated statement of changes in equity for the period ended 31 March 2017

	Issued Capital	Accumulated losses	Total	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	98,793	(6,611)	92,182	856	93,038
Issue of shares during the period	18,919	-	18,919	-	18,919
(Loss) / profit for the period	-	5,162	5,162	1,218	6,380
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	5,162	5,162	1,218	6,380
Payment of Dividends				(368)	(368)
<b>Balance at 31 March 2017</b>	<b>117,712</b>	<b>(1,449)</b>	<b>116,263</b>	<b>1,706</b>	<b>117,969</b>

Notes to the financial statements are included on pages 11 to 30.



## Consolidated statement of cash flows for the period ended 31 March 2017

	Notes	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		147,322	58,873
Payments to suppliers and employees		(133,496)	(61,431)
Income Taxes Paid		(3,109)	1,079
Interest paid		(6,957)	(6,398)
Net cash generated by operating activities	15(b)	3,760	(7,877)
<b>Cash flows from investing activities</b>			
Payments for business acquisitions	9(c)	(23,589)	(229,026)
Payments for property, plant & equipment		(392)	(1,825)
Payments for intangible assets		(534)	(479)
Proceeds from sale of Intangibles		43,815	-
Interest received		582	35
Net cash used in investing activities		19,882	(231,295)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		8,727	159,135
Repayment of borrowings		(46,589)	-
Proceeds from share issue		18,919	98,793
Loan from related parties		5,387	-
Loan to related parties		-	(7,120)
Payment of Dividends		(368)	-
Net cash generated by financing activities		(13,924)	250,808
<b>Net increase in cash and cash equivalents</b>		9,718	11,636
<b>Cash and cash equivalents at the beginning of the period</b>		11,636	-
<b>Cash and cash equivalents at the end of the period</b>	15(a)	21,354	11,636

Notes to the financial statements are included on pages 11 to 30.



## 1. General information

Strides Arcolab (Australia) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The parent entity of Strides Arcolab (Australia) Pty Ltd is Strides Pharma Global Pte Ltd and the ultimate parent entity is Strides Shasun Limited.

The address of its registered office and its principal place of business are as follows:

15 – 17 Chapel Street  
Cremorne, VIC 3121

The principal activity of the company during the financial period was the sale of generic prescription drugs, as well as an extensive range of non-prescription pharmacy products into the Australian pharmaceutical market

## 2. Adoption of new and revised Accounting Standards

### 2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current period, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016, and therefore relevant for the current period end.

#### Standards affecting presentation and disclosure

AASB 1057 'Application of Australian Accounting Standards, AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs	These Standards effectively move Australian specific application paragraphs from each standard into a combined Standard. The Standards have no impact on the application of individual standards.
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	<p>Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.</p> <p>The amendments to AASB 116 explain that a depreciation method applied to property, plant and equipment that is based on revenue that is generated by an activity that includes the use of the asset is not appropriate.</p> <p>The amendments to AASB 138 introduce a rebuttable presumption that an amortisation method for an intangible asset that is based on the revenue generated by the activity that includes the use of the intangible asset is inappropriate, and provides guidance when the rebuttable presumption can be overcome.</p>

## 2. Adoption of new and revised Accounting Standards

### 2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

AASB 2015-1  
'Amendments to Australian  
Accounting Standards – Annual  
Improvements to Australian  
Accounting Standards 2012-2014  
Cycle

Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.

Key Improvements include:

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that when an entity reclassifies an asset (or disposal group) directly from held for sale to held for distribution to owners (or vice versa), such a reclassification is not treated as a change to a plan of sale (or distribution to owners).
- AASB 7 Financial Instruments: Disclosures – provides additional application guidance on the concept of continuing involvement for the purposes of disclosures required by the standard, and removes the requirement to provide disclosures relating to offsetting financial assets and financial liabilities in interim financial reports.
- AASB 119 Employee Benefits – clarifies discount rate to adopt in a regional market sharing the same currency (for example, the Eurozone) by requiring that the depth of the market for high quality corporate bonds should be assessed at a currency rather than country level
- AASB 134 Interim – Financial Reporting – clarifies that certain information required by the Standard can be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

Amends AASB 101 Presentation of Financial Statements to provide clarification regarding the disclosure requirements in AASB 101, including narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.

The amendments provide additional guidance in the following areas:

- **Materiality.** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information (2) materiality considerations apply to the all parts of the financial statements and (3) even when a standard requires a specific disclosure, materiality considerations still apply, i.e. a specific disclosure is not required to be included in the financial report if it is not material to the entity
- **Statement of financial position and statement of profit or loss and other comprehensive income.** The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income (OCI) of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss
- **Notes.** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes rather than being presented in the order previously included in AASB 101.

The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements.

## 2. Adoption of new and revised Accounting Standards (cont'd)

### 2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 March 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 March 2019
AASB 2016-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2017	31 March 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2017	31 March 2018
AASB 2016-6 'Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts'	1 January 2018	31 March 2019
AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016'	1 January 2017	31 March 2018
AASB 16 'Leases'	1 January 2019	31 March 2020

The potential effect of the revised Standards/Interpretations on the Company's financial statements has not yet been determined.

### 3. Significant accounting policies

#### Financial reporting framework

The Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001. For the purpose of preparing the financial statements, the Company is a for-profit entity.

#### Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031 *Materiality* and AASB 1054 *Australian Additional Disclosures*.

#### Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

#### Rounding off of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values 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.

#### Business combination

Management's judgement is applied in determining the fair value of any net assets acquired, the fair value of the consideration transferred and the fair value of the non-controlling interest in the subsidiary acquired. Refer to note 3(a) for further details.

#### Revenue recognition

Management's judgement is applied in determining the rebate obligations that reduces the revenue amount recognised.

#### Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

#### Provision for obsolete stock

Management's judgement is applied in determining the provision for inventories obsolescence. If the estimated selling price of inventory is lower than the cost to sell, the difference is recognised in the provision for obsolescence.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

**(a) Business combination**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the 'measurement period' (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

**(b) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(c) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**(d) Financial assets**

Financial assets are classified into the following specified categories: 'held-to-maturity' investments and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**(d) Financial assets (cont'd)**

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.



**(d) Financial assets (cont'd)**

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**(e) Financial Liabilities**

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**(f) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.



**(g) Impairment of assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible 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 the asset does not generate cash flows that are independent from other assets, the company 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**(i) Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**(i) Income tax (cont'd)**

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(j) Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(k) Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

**(k) Property, plant and equipment (cont'd)**

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	3 – 10 years
Leasehold improvements	5 years

**(l) Revenue recognition**

Sale of goods

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

**(m) Intangible assets**

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

	2017 \$'000	2016 \$'000
<b>4. Revenue from operations</b>		
Sales of goods	115,930	64,940
Rendering of services	21,889	1,157
	<u>137,819</u>	<u>66,097</u>

**5. Employee benefit expenses**

Salaries and wages	16,826	5,061
Post-employment benefits – defined contribution plan	1,395	443
Other employee benefits	1,080	278
	<u>19,301</u>	<u>5,782</u>

**6. Loans and other receivables**

Loan to Generic Partners	-	7,000
Loans and advances to related parties	1,530	120
	<u>1,530</u>	<u>7,120</u>

**7. Property, plant and equipment**

	Plant & equipment \$'000	Leasehold improvements \$'000	Capital work- in-progress \$'000	Total \$'000
<u>Cost</u>				
Balance at 1 April 2016	313	1,252	396	1,961
Acquisitions through business combination		-	-	
Additions	683	104	(396)	391
Balance at 31 March 2017	<u>996</u>	<u>1,356</u>	<u>-</u>	<u>2,352</u>

Accumulated depreciation

Balance at 1 April 2016	(32)	(101)	-	(133)
Depreciation	(208)	(275)	-	(483)
Balance at 31 March 2017	<u>(240)</u>	<u>(376)</u>	<u>-</u>	<u>(616)</u>

Written down value

Balance at 1 April 2016	281	1,151	396	1,828
Acquisitions through business combination	-	-	-	-
Additions	683	104	(396)	391
Depreciation	(208)	(275)	-	(483)
Balance at 31 March 2017	<u>756</u>	<u>980</u>	<u>-</u>	<u>1,736</u>

8. Other intangible assets

	Intellectual property \$'000	Brand name \$'000	Non- compete agreement \$'000	Customer contracts and relationships \$'000	Computer software \$'000	Capitalised development work-in- progress \$'000	Other intangibles \$'000	Total \$'000
<u>Cost</u>								
Balance at 1 April 2016	54,796	3,588	3,849	3,449	109	92,233	35	158,059
Additions	-	-	-	-	4	530	-	534
Disposals	(41,849)	-	-	-	-	-	-	(41,849)
Balance at 31 March 2017	12,947	3,588	3,849	3,449	113	92,763	35	116,744
<u>Accumulated amortisation</u>								
Balance at 1 April 2016	(1,606)	(105)	(752)	(19)	(11)	-	(12)	(2,505)
Amortisation	(791)	(179)	(1,283)	(230)	(17)	(90)	-	(2,590)
Disposals	1,370							1,370
Balance at 31 March 2017	(1,027)	(284)	(2,035)	(249)	(28)	(90)	(12)	(3,725)
<u>Written down value</u>								
Balance at 1 April 2016	53,190	3,483	3,097	3,430	98	92,233	23	155,554
Additions	-	-	-	-	4	530	-	534
Disposals	(40,479)	-	-	-	-	-	-	(40,479)
Amortisation	(791)	(179)	(1,283)	(230)	(17)	(90)	-	(2,590)
Balance at 31 March 2017	11,920	3,304	1,814	3,200	85	92,673	23	113,019

## 9. Acquisition of business

During the year, Pharmacy Alliance Group Holdings Pty Ltd acquired Smarterpharm Pty Ltd which resulted in goodwill of \$1,939,322 being recognised during the financial period ended 31 March 2017.

Details of the acquisitions are as follows. The acquisitions have been accounted for on a provisional basis as management are yet to finalise their assessment of the fair value of net assets acquired including tax balances.

### (a) Consideration transferred / payable

	<b>Smarterpharm Pty Ltd \$'000</b>
Cash	2,017

### (b) Assets acquired and liabilities assumed at the date of acquisition

	<b>Smarterpharm Pty Ltd \$'000</b>
Cash and cash equivalents	51
Trade and other receivables	27
	<u>78</u>

### (c) Net cash outflow on acquisition of business

	<b>Smarterpharm Pty Ltd \$'000</b>	<b>Aspen generic pharmaceutical business \$'000</b>
Consideration paid in cash	2,017	21,623
Less: cash and cash equivalent balances acquired	(51)	-
	<u>1,966</u>	<u>21,623</u>

## 10. Trade payables and other payables

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Trade payables	22,822	2,979
Accrued rebates	8,018	7,097
Accrued expenses	8,151	5,004
Deferred consideration	-	21,741
	<u>38,991</u>	<u>36,821</u>

## 11. Borrowings

### Current

External bank loans	13,242	3,726
Amount owing to related parties	1,365	2,090
	<u>14,607</u>	<u>5,816</u>

### Non-Current

External bank loans	66,467	55,935
Amount owing to related parties	37,170	93,237
	<u>103,637</u>	<u>149,172</u>

## 12. Provisions

### Current

Provision for employee benefits	960	841
Provision for income tax	3,063	1,662
	<u>4,023</u>	<u>2,503</u>

### Non-current

Provision for employee benefits	<u>246</u>	<u>283</u>
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## 13. Share capital

Issued and fully paid up – 744,443 shares of AUD 100 each	74,443	44,443
Share application monies pending allotment	43,269	54,350
	<u>117,712</u>	<u>98,793</u>

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	<b>2017</b>	<b>2016</b>
<b>14. Remuneration of auditors</b>		
Audit of the financial statements	157,818	163,000
Other services	95,000	32,000
	<u>252,818</u>	<u>195,000</u>

The auditor of Strides Arcolab (Australia) Pty Ltd is Deloitte Touche Tohmatsu.

**15. Cash and cash equivalents**

(a) Cash balances

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Cash at bank	18,928	10,321
Deposits	2,426	1,315
	<u>21,354</u>	<u>11,636</u>

(b) Reconciliation of loss for the year to net cash flows from operating activities

Profit / (Loss) for the year	6,380	(6,502)
Net foreign exchange (gains) / losses	472	(4,147)
Amortisation	2,590	2,505
Depreciation	483	133
Gain on Sale	(3,336)	-
Interest received	(582)	(35)
Change in operating assets and liabilities net of effect from acquisition of businesses		
Increase in trade receivables	(3,741)	(13,021)
(Increase) / Decrease in inventory	(24,935)	406
(Increase) / Decrease in prepaid expenses and deposits	835	(1,184)
Increase in trade and other payables	23,793	11,784
Increase in provisions	2,185	1,581
Decrease / (Increase) in deferred tax assets	(153)	124
Increase / (Decrease) in deferred tax liabilities	(231)	479
Net cash generated by operating activities	<u>3,760</u>	<u>(7,877)</u>



#### 16. Interest in other entities

The consolidated special purpose financial statements incorporate the asset, liabilities and results of Strides Arcolab (Australia) Pty Ltd and the following subsidiaries, in accordance with the accounting policy described in note 3.

<b>Name of entity</b>	<b>Country of incorporation</b>	<b>Equity holding</b>
Arrow Pharmaceuticals Pty Ltd	Australia	100%
Arrow Pharma Pty Ltd	Australia	100%
Pharmacy Alliance Investments Pty Ltd	Australia	100%
Pharmacy Alliance Group Holdings Pty Ltd	Australia	51%
Pharmacy Alliance Pty Ltd	Australia	51%
Alliance Pharmacy Pty Ltd	Australia	51%
Smarterpharm Pty Ltd	Australia	51%
Oraderm Pharmaceuticals Pty Ltd	Australia	50%

**17. Deed of cross guarantee** Strides Arcolab (Australia) Pty Ltd, Arrow Pharmaceuticals Pty Ltd and Arrow Pharma Pty Ltd (together referred to as the closed group) are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the entities party to the deed of cross guarantee are provided as follows:

<b>Consolidated statement of profit or loss and other comprehensive income</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from operations	119,373	64,940
Other income	543	359
Gain on Sale	3,336	-
Foreign exchange gains / (losses)	(472)	4,147
Changes in inventories	(72,880)	(38,247)
Employee benefits expense	(11,486)	(5,190)
Finance costs on bank borrowings	(3,957)	-
Finance costs other	(4,806)	(6,443)
Depreciation	(443)	(130)
Amortisation	(2,312)	(2,486)
Acquisition related cost	(533)	(11,171)
Other expenses	(20,127)	(10,382)
Profit / (Loss) before taxes	6,236	(4,603)
Income tax expense	(2,109)	(2,103)
<b>Profit / (Loss) for the period</b>	<b>4,127</b>	<b>(6,706)</b>
Other comprehensive income:	-	-
<b>Total comprehensive profit / (loss) for the period</b>	<b>4,127</b>	<b>(6,706)</b>

17. Deed of cross guarantee (cont'd)

Consolidated statement of financial position	2017	2016
	\$'000	\$'000
<b>Current assets</b>		
Cash and cash equivalents	17,537	9,038
Trade receivables	16,898	12,732
Inventory	46,153	21,217
Prepaid expenses and deposits	317	1,207
Loans receivables	1,382	7,120
<b>Total current assets</b>	<b>82,287</b>	<b>51,314</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,578	1,765
Goodwill	63,954	63,954
Other intangible assets	109,668	151,975
Investments	14,117	14,117
<b>Total non-current assets</b>	<b>189,317</b>	<b>231,811</b>
<b>Total assets</b>	<b>271,604</b>	<b>283,125</b>
<b>Current liabilities</b>		
Trade and other payables	37,534	33,831
Provisions	2,750	1,905
Borrowings	13,561	5,477
<b>Total current liabilities</b>	<b>53,845</b>	<b>41,213</b>
<b>Non-current liabilities</b>		
Borrowings	102,237	149,172
Provisions	141	173
Deferred tax liabilities	248	480
<b>Total non-current liabilities</b>	<b>102,626</b>	<b>149,825</b>
<b>Total liabilities</b>	<b>156,471</b>	<b>191,038</b>
<b>Net assets</b>	<b>115,133</b>	<b>92,087</b>
<b>Equity</b>		
Issued capital	117,712	98,793
Accumulated losses	(2,579)	(6,706)
<b>Total equity</b>	<b>115,133</b>	<b>92,087</b>

## 18. Parent entity financial information

### (a) Summary of financial information

The individual special purpose financial statements for the parent entity show the following aggregate amounts:

	2017	2016
	\$'000	\$'000
Current assets	40,077	1,638
Non-current assets	78,712	97,193
<b>Total assets</b>	<b>118,789</b>	<b>98,831</b>
Current liabilities	48	38
Non-current liabilities	715	-
<b>Total liabilities</b>	<b>763</b>	<b>38</b>
<b>Net assets</b>	<b>118,026</b>	<b>98,793</b>
Issued capital	117,712	98,793
Retained earnings	314	-
<b>Total shareholder's equity</b>	<b>118,026</b>	<b>98,793</b>
<b>Profit for the year</b>	<b>314</b>	<b>-</b>
<b>Total comprehensive profit</b>	<b>314</b>	<b>-</b>

### (b) Guarantees entered into by the parent entity

The parent entity has not provided any guarantee for the financial year ended 31 March 2017.

### (c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 March 2017.

**19. Reconciliation of comprehensive profit to earnings before interest tax depreciation and amortisation (EBITDA)**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Total comprehensive profit for the year	6,380	(6,502)
Interest Received	(582)	(33)
Acquisition Costs	533	2,604
Foreign exchange (gains) / losses – bank borrowings	1,181	4,147
Foreign exchange (gains) / losses - intercompany	203	(21)
Finance costs on bank borrowings	3,957	2,236
Finance costs - other	4,833	4,555
Depreciation	483	133
Amortisation	2,590	2,505
Income tax expense	3,112	2,199
EBITDA	<u>22,692</u>	<u>11,823</u>