STELIS BIOPHARMA (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	Note	2019 RM	2018 RM
CURRENT ASSETS			
Amount due from Holding Company	5	5,026,170	4,759,443
Cash and Bank Balances	6	19,760	71,931
		5,045,930	4,831,374
EQUITY			
Share Capital	7	13,282,094	13,282,094
Retained Earnings		(8,240,164)	(8,488,352)
		5,041,930	4,793,742
CURRENT LIABILITIES			
Payables and Accruals	9	4,000	37,632
TOTAL EQUITY AND LIABILITIES		5,045,930	4,831,374

The notes set out form an integral part of and should be read in conjunction with these financial statements.

STELIS BIOPHARMA (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	2018 RM
GROSS OPERATING REVENUE		-	-
OTHER INCOME	10	269,052	43,942
ADMINISTRATIVE EXPENSES		(20,848)	(188,115)
OTHER OPERATING EXPENSES		-	(783,318)
PROFIT / (LOSS)FOR THE FINANCIAL YEAR BEFORE TAXATION		248,204	(927,491)
TAXATION	11	(16)	5,313
PROFIT / (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		248,188	(922,178)

The notes set out form an integral part of and should be read in conjunction with these financial statements.

STELIS BIOPHARMA (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	SHARE CAPITAL RM	SHARE PREMIUM	RETAINED EARNINGS RM	TOTAL RM
2019				
At 01 April 2018	13,282,094	-	(8,488,352)	4,793,742
Profit for the Financial Year after Taxation	-	-	248,188	248,188
At 31 March 2019	13,282,094	-	(8,240,164)	5,041,930
2018				
At 01 April 2017	8,321,375	4,960,719	(7,566,174)	5,715,920
Loss for the Financial Year after Taxation	-	-	(922,178)	(922,178)
Transfer to Share Capital	4,960,719	(4,960,719)	-	-
At 31 March 2018	13,282,094	-	(8,488,352)	4,793,742

The notes set out form an integral part of and should be read in conjunction with these financial statements.

STELIS BIOPHARMA (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) for the Financial Year before Taxation and Working Capital Changes	248,204	(927,491)
Adjustment for :		
Unrealised Loss on Foreign Exchange	-	778,677
Operating Profit / (Loss) Before Working Capital Changes :	248,204	(148,814)
Changes in Working Capital :		
Payables and Accruals	(33,632)	(18,743)
	214,572	(167,557)
Tax Paid	(16)	-
	214,556	(167,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount due from Holding Company	(266,727)	213,545
NET CHANGE IN CASH AND CASH EQUIVALENTS	(52,171)	45,988
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	71,931	25,943
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	19,760	71,931

The notes set out form an integral part of and should be read in conjunction with these financial statements.

STELIS BIOPHARMA (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS: 31 MARCH 2019

1. PRINCIPAL ACTIVITY

The Company is a private limited company incorporated and domiciled in Malaysia.

The principal activity of the Company was intended to be the business of development, manufacture and export of pharmaceutical products in general and biotech products in particular.

The address of the registered office of the Company is as follows:

E-33A-05 Dataran 32,
No.2 Jalan 19/1
46300 Petaling Jaya,
Selangor Darul Ehsan.

The number of employees of the Company as at 31 March 2019:Nil (2018:Nil).

The financial statements of the Company are reported in Ringgit Malaysia (RM).

2. BASIS OF PREPARATION

The financial statements of the Company have been properly prepared on a going concern basis under the historical cost convention and comply with the provisions of the Companies Act, 2016 and in accordance with Malaysian Private Entities Reporting Standard issued by the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes. If bank overdrafts are repayable on demand and form an integral part of cash management, bank overdrafts are a component of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Liabilities and Provisions

Trade, other payables and accruals are stated at cost.

A provision is recognised only when (i) the entity has an obligation at the reporting date as a result of a past event; (ii) it is probable that the entity will be required to transfer economic benefits in settlement; and (iii) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the amount required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation.

Thereafter, the provision is reviewed at each reporting date and adjust it to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised is recognised in statement of profit or loss. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in statement of profit or loss in the period it arises.

3.3 Impairment of Non Financial Assets

Other than deferred tax assets, financial assets, an impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset and compares with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in statement of profit or loss. For property, plant and equipment carried at revalued amount, impairment loss is treated as a revaluation decrease.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that is expected to benefit from the synergies of the business combination.

An impairment loss recognised for goodwill shall not be reversed in a subsequent period. For other assets, any reversal of impairment loss for an asset is recognised in statement of profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised in prior years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Currency Conversion and Translation

Functional currency is the currency of the primary economic environment in which the entity operates.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period: (i) foreign currency monetary items are translated using the closing rate; (ii) non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and (iii) non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items are recognised in statement of profit or loss in the period in which they arise.

3.5 Income Tax

Current tax liability is recognised for tax payable on taxable profit for the current and past periods. If the amount paid for the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset. Current tax liability or asset is measured at the amount it expects to pay or recover using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (i) the initial recognition of goodwill; or (ii) the initial recognition of an asset or a liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

A deferred tax liability or asset is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which, at the reporting date, the carrying amount of the related assets and liabilities is expected to be recovered or settled.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Income Tax (cont'd)

Deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint ventures, only to the extent that it is probable that: (a) the temporary difference will reverse in the foreseeable future; and (b) taxable profit will be available against which the temporary difference can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (a) the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

Current or deferred tax assets and liabilities are not discounted.

3.6 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition and measurement

On initial recognition, a financial asset or a financial liability is measured at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are expensed to statement of profit or loss when incurred.

A financial asset or a financial liability (including derivative instruments) is recognised only when the entity becomes a party to the contractual provisions of the instrument.

An arrangement constitutes a financing transaction, if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

(b) Subsequent measurement

Derivative financial instruments (other than derivatives designated as a hedging instrument) are measured at fair value and changes in fair value recognised in statement of profit or loss.

Debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, unless the arrangement constitutes, in effect, a financing transaction.

Investments in non-convertible preference shares and non-puttable ordinary or preference shares, that are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort, are measured at fair value with changes in fair value recognised in statement of profit or loss. All other such investments are measured at cost less impairment.

All financial assets are subject to review for impairment, except for financial assets measured at fair value through profit or loss.

(c) Impairment

At the end of each reporting period, financial assets that are measured at cost or amortised cost are assessed as to whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised in statement of profit or loss immediately.

For a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

(d) Derecognition

A financial asset is derecognised only when (i) the contractual rights to receive the cash flows from the financial asset expire or are settled; or (ii) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, including circumstances when the entity acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, is cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

4. JUDGEMENTS AND ESTIMATION UNCERTAINTY

The management has made judgements in the process of applying the accounting policies. However, there is no significant effect on the amounts recognised in the financial statement during the year.

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:

Measurement of provision

Management evaluates the estimates based on the historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. A probability-weighted estimate of the outflows required to settle the obligation is used. The actual outcome may differ from the estimates made and this may have a significant effect on the Company's financial position and financial performance.

5. AMOUNT DUE FROM HOLDING COMPANY

The Holding Company is **Strides Pharma Asia Pte. Ltd**, a company incorporated in Singapore.

This amount is unsecured, interest free and repayable on demand.

6. CASH AND BANK BALANCES

	2019 RM	2018 RM
Cash in Hand	-	2
Cash at Bank - MYR	17,921	11,314
Cash at Bank - USD	1,839	60,615
	19,760	71,931

7. SHARE CAPITAL

	2019	2018
Ordinary Shares of RM1 each	RM	RM
Issued and Fully Paid :		
Balance brought forward	13,282,094	8,321,375
Reclassification from Share Premium :		
Increase during the financial year	-	4,960,719
Balance carried forward	13,282,094	13,282,094

8. SHARE PREMIUM ACCOUNT

	2019 RM	2018 RM
Issue of 778,763 ordinary shares of RM1/- each at a premium of RM6.37per share.	-	4,960,719
Reclassification to Share Capital (Note 7)	-	(4,960,719)
	-	-

9. PAYABLES AND ACCRUALS

	2019 RM	2018 RM
Accruals	4,000	12,500
Other Payables	-	25,132
	4,000	37,632

10. OTHER INCOME

	2019 RM	2018 RM
Bank Interest	177	68
Payable Written Back	-	43,874
Unrealised Gain on Foreign Exchange	268,875	-
	269,052	43,942

11. TAXATION

	2019 RM	2018 RM
Current Year	-	-
(Over) / Under provision Prior Year	16	(5,313)
Tax Expense	16	(5,313)

A reconciliation of income tax expense on the profit / (loss) for the financial year before taxation with the applicable statutory income tax rate is as follows:

	2019 RM	2018 RM
Profit / (Loss) for the Financial Year Before Taxation	248,204	(148,814)
Tax calculated at Malaysian tax rate of 18%	44,677	(26,787)
Expenses not deductible for tax purposes	-	26,787
Income not deductible for tax purposes	(44,677)	-
(Over) / Under provision Prior Year	16	-
Tax Expense	16	-

12. FINANCIAL INSTRUMENTS

	2019 RM	2018 RM
Financial Assets at amortised cost	5,045,930	4,831,374
Financial Liabilities at amortised cost	4,000	37,632

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