



Strides Pharma Global Pte. Limited
Registration Number: 201322626C

Annual Report
Year ended 31 March 2021

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2021.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS55 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Mohana Kumar Pillai
 Lavalekar Sandeep Rangnath
 Dr. Kausalya Santhanam
 Dr. Raghunathan Ananthanarayanan
 Chia Loo Wai

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in related corporations are as follows:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ultimate holding company				
Strides Pharma Science Limited				
Ordinary shares				
Mohana Kumar Pillai	150,000	150,000	175,000	190,000
Dr. Kausalya Santhanam (joint holding with Spouse)	—	3	1,000	1,000

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Axis Dot Ventures Pte. Ltd.				
Ordinary shares				
Mohana Kumar Pillai	1	1	—	—

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Mohana Kumar Pillai
CEO & Managing Director



Lavalekar Sandeep Rangnath
Director

17 August 2021



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Independent auditors' report

Member of the Company
Strides Pharma Global Pte. Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Strides Pharma Global Pte. Limited ('the Company'), which comprise the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS55.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
17 August 2021

Statement of financial position
As at 31 March 2021

	Note	2021 US\$	2020 US\$
Non-current assets			
Plant and equipment	4	48,969,872	51,313,852
Right-of-use assets	5	14,810,749	15,795,396
Investments in subsidiaries	6	61,659,252	58,378,676
Investments in associate	7	2,450,000	2,450,000
Intangible assets	8	72,761,796	66,540,393
Trade and other receivables	9	99,652,258	73,005,147
Cash and cash equivalents	10	873,607	—
Other investments at FVTPL	12	—	2,339,719
Deferred tax assets	17	—	674,337
		<u>301,177,534</u>	<u>270,497,520</u>
Current assets			
Trade and other receivables	9	112,986,637	100,564,837
Cash and cash equivalents	10	3,788,219	8,205,360
Inventories	11	8,342,700	11,078,110
Prepayments		1,854,732	3,092,849
Other investments at FVTPL	12	13,590,389	15,790,878
		<u>140,562,677</u>	<u>138,732,034</u>
Total assets		<u>441,740,211</u>	<u>409,229,554</u>
Equity			
Share capital	13	178,616,656	178,616,656
Hedging reserve	13	(3,272,255)	(4,656,749)
Monies pending allotment	14	26,240,000	29,100,000
Retained earnings		49,508,245	5,178,373
Total equity		<u>251,092,646</u>	<u>208,238,280</u>
Non-current liabilities			
Bank loans	15	44,393,495	59,989,208
Derivative financial instruments	16	2,135,190	3,826,951
Deferred tax liabilities	17	2,292,704	—
Provisions		205,774	188,129
Lease liabilities	19	19,788,069	19,177,480
Other non-current liabilities	18	1,641,066	71,538
		<u>70,456,298</u>	<u>83,253,306</u>
Current liabilities			
Bank loans	15	32,625,000	27,625,000
Derivative financial instruments	16	1,579,596	1,262,888
Trade and other payables	18	85,331,787	88,425,079
Current tax liability		169,617	—
Lease liabilities	19	485,267	425,001
		<u>120,191,267</u>	<u>117,737,968</u>
Total liabilities		<u>190,647,565</u>	<u>200,991,274</u>
Total equity and liabilities		<u>441,740,211</u>	<u>409,229,554</u>

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
Year ended 31 March 2021

	Note	2021 US\$	2020 US\$
Revenue	20	253,063,494	210,112,159
Other income/(loss)	21	13,503,538	(6,810,358)
Cost of goods sold and materials consumed		(165,309,193)	(135,713,518)
Changes in inventories of finished goods, work-in-progress and goods-in-transit		(3,964,983)	1,941,900
Employee benefits expenses	22	(8,050,316)	(6,742,979)
Selling and distribution expenses		(5,369,414)	(7,086,952)
Other operating expenses	23	(14,070,928)	(12,409,363)
Profit before depreciation and amortisation, net finance costs, exceptional items and tax		69,802,198	43,290,889
Depreciation and amortisation		(12,150,554)	(10,448,772)
Finance income		5,539,745	5,880,112
Finance costs		(7,692,819)	(12,912,843)
Net finance costs	24	(2,153,074)	(7,032,731)
Profit before exceptional items and tax		55,498,570	25,809,386
Exceptional items	25	(7,988,358)	(37,422,673)
Profit/(Loss) before tax		47,510,212	(11,613,287)
Tax expense	26	(3,180,340)	(134,202)
Profit/(Loss) after tax		44,329,872	(11,747,489)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedge		1,384,494	(184,426)
Other comprehensive income, net of tax		1,384,494	(184,426)
Profit/(Loss) for the year, representing total comprehensive income for the year		45,714,366	(11,931,915)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2021

	Note	Share capital US\$	Monies pending allotment US\$	Retained earnings US\$	Hedging reserve US\$	Total US\$
At 1 April 2019		178,616,656	33,900,000	19,827,437	(4,472,323)	227,871,770
Adjustment on initial application of FRS 116, net of tax		—	—	(2,901,575)	—	(2,901,575)
Adjusted balance at 1 April 2019		178,616,656	33,900,000	16,925,862	(4,472,323)	224,970,195
Total comprehensive income for the year						
Loss for the year		—	—	(11,747,489)	—	(11,747,489)
Other comprehensive income						
Effective portion of change in fair value of cash flow hedge		—	—	—	(135,819)	(135,819)
Tax on other comprehensive income		—	—	—	(48,607)	(48,607)
Total comprehensive income for the year		—	—	(11,747,489)	(184,426)	(11,931,915)
Transactions with owner, recognised directly in equity						
Contributions by and distributions to owners						
Refund of monies pending allotment	14	—	(4,800,000)	—	—	(4,800,000)
Total contributions by and distributions to owners		—	(4,800,000)	—	—	(4,800,000)
At 31 March 2020		178,616,656	29,100,000	5,178,373	(4,656,749)	208,238,280

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity (cont'd)
Year ended 31 March 2021

	Note	Share capital US\$	Monies pending allotment US\$	Retained earnings US\$	Hedging reserve US\$	Total US\$
At 1 April 2020		178,616,656	29,100,000	5,178,373	(4,656,749)	208,238,280
Total comprehensive income for the year						
Profit for the year		—	—	44,329,872	—	44,329,872
Other comprehensive income						
Effective portion of change in fair value of cash flow hedge		—	—	—	1,375,053	1,375,053
Tax on other comprehensive income		—	—	—	9,441	9,441
Total comprehensive income for the year		—	—	44,329,872	1,384,494	45,714,366
Transactions with owner, recognised directly in equity						
Contributions by and distributions to owners	14	—	(2,860,000)	—	—	(2,860,000)
Refund of monies pending allotment		—	(2,860,000)	—	—	(2,860,000)
Total contributions by and distributions to owners		178,616,656	26,240,000	49,508,245	(3,272,255)	251,092,646
At 31 March 2021						

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2021

	2021	2020
	US\$	US\$
Cash flows from operating activities		
Profit/(Loss) before tax	47,510,212	(11,613,287)
Adjustments for:		
Depreciation of plant and equipment	4,844,344	4,348,799
Depreciation of right-of-use assets	984,647	944,377
Amortisation of intangible assets	6,321,563	5,155,596
Write down of intellectual property rights	178,799	463,031
Provision/(Write-back) for doubtful debts	444,716	(231,971)
Loss on disposal of Australia business*	–	19,309,938
(Gain)/Loss on disposal of plant and equipment	(15,908)	486
Write-off of advance to supplier	–	181,450
Write-off of inventories	5,603,187	16,760,065
Bank loan interest expenses	4,527,151	8,542,910
Finance cost on lease liabilities	1,409,146	1,440,671
Guarantee commission	860,762	1,470,576
Loss/(Gain) of derivatives contracts	1,547,094	(53,263)
Loss on put option in equity investment	–	18,678
Gain on revaluation of mutual fund	(156,701)	(76,718)
Amortisation of loan upfront fee	449,877	1,036,112
Interest income	(5,539,745)	(5,880,112)
Other finance charges	445,883	422,574
	<hr/> 69,415,027	<hr/> 42,239,912
Changes in:		
- Trade receivables	(14,139,944)	(30,942,342)
- Inventories	(2,867,777)	(19,222,122)
- Other receivables	(13,579,434)	8,229,746
- Trade payables	(2,446,412)	29,209,348
- Other payables	(940,779)	(2,450,000)
	<hr/> 35,440,681	<hr/> 27,064,542
Cash generated from operations	35,440,681	27,064,542
Tax received	158,701	–
Net cash from operating activities	<hr/> 35,599,382	<hr/> 27,064,542

The accompanying notes form an integral part of these financial statements.

Statement of cash flows (cont'd)
Year ended 31 March 2021

	2021	2020
	US\$	US\$
Cash flows from investing activities		
Purchases of plant and equipment	(2,770,140)	(2,226,511)
Convertible notes issued by a related party	–	(915,649)
Proceed from disposal of Australia business*	–	191,908,226
Proceed from sale of plant and equipment	285,684	1,433
Proceed from sale of intangible assets	395,000	–
Loan to subsidiaries	–	(977,671)
Loan to related parties	(10,451,025)	–
Loan to equity investee	–	(1,003,332)
Repayment of loan by a subsidiary	914,221	–
Repayment of loan by a related party	2,262,940	–
Purchases of intangible assets	(13,116,765)	(16,361,286)
Investments in subsidiaries	(940,857)	(1,992,281)
Investment in equity instrument	–	(2,358,397)
Withdrawal from mutual funds	2,357,190	3,142,920
Interest received	1,984,067	5,880,112
Net cash (used in)/from investing activities	(19,079,685)	175,097,564
Cash flows from financing activities		
(Placement)/Withdrawal of pledged bank deposits	(37,217)	3,409,609
Refund of share application money	(2,860,000)	(4,800,000)
Proceeds on borrowings from bank	–	17,000,000
Repayment of bank loan	(10,625,000)	(213,705,000)
Repayment of other finance charges	(866,473)	(4,874,759)
Payment of guarantee commission	(860,762)	(1,470,576)
Interest paid	(4,112,705)	(7,202,259)
Payment of lease liabilities	(738,291)	(1,632,252)
Net cash used in financing activities	(20,100,448)	(213,275,237)
Net decrease in cash and cash equivalents	(3,580,751)	(11,113,131)
Cash and cash equivalents at beginning of financial year	6,689,403	17,802,534
Cash and cash equivalents at end of financial year (Note 10)	3,108,652	6,689,403

* See note 25 for details of disposal of Australia business.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 August 2021.

1 Domicile and activities

Strides Pharma Global Pte. Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 3 Tuas South Avenue 4, Singapore 637610.

The principal activities of the Company is to develop, manufacture and trade in pharmaceutical and ancillary products.

The principal activities of the subsidiaries are disclosed in note 6 to the financial statements.

The immediate holding company is Strides Pharma Asia Pte. Ltd., incorporated in Singapore. The ultimate holding company is Strides Pharma Science Limited, which is incorporated in India, and listed in National Stock Exchange and Bombay Stock Exchange in India.

As the Company meets the exemption criteria in FRS 110 *Consolidated Financial Statements*, it does not need to prepare consolidated financial statements and it only presents the Company's separate financial statements. Consolidated financial statements prepared by the ultimate holding company Strides Pharma Science Limited are available from www.strides.com.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars, which is the Company's functional currency. All financial information presented in United States dollars have been rounded to the nearest dollar, unless stated otherwise.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 6 – measurement of impairment loss relating to investment in subsidiaries
- Note 8 – useful lives of intangible assets and measurement of impairment of intangible assets
- Note 29 – measurement of impairment loss relating to financial assets

In the process of applying the Company's accounting policies, management is of the opinion that there is no application of critical judgment which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as described above.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29 – financial instruments

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- *Interest Rate Benchmark Reform (Amendments to FRS 109, FRS 39 and FRS 107)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. On disposal of an investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

3.2 Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Company holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised at cost, which includes transaction costs.

3.3 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised bank loans and trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is reclassified from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated changes in fair value that were recognised directly in OCI are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial item, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

The Company's redeemable preference shares are classified as equity. Non-discretionary dividends and redemption in cash by the holders are subject to approval from the Board of Directors of the Company.

(viii) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'bank loans'.

3.5 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Construction-in-progress is not depreciated until the assets are ready for their intended use.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|--------------------------|--------------|
| • Office equipment | 3 - 5 years |
| • Computer | 3 years |
| • Furniture and fixtures | 10 years |
| • Motor Vehicles | 8 years |
| • Machinery | 4 - 15 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Intangible assets and goodwill

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised as an expense in profit or loss 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.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|--------------------------------|--------------|
| • Intellectual property rights | 5 - 20 years |
| • Software Licenses | 5 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.8 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- debt investments measured at FVOCI; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than a reasonable range of past due days, taking into consideration historical payment track record, current macroeconomics situation as well as general industry trend.

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than a reasonable range of past due days;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and for services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.12 Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise an extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities on the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.13 Finance income and finance costs

Interest income or expense is recognised on a time proportion basis, using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Bank charges are recognised in profit or loss in the period in which they are incurred.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.15 Government grant

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.16 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Covid-19-Related Rent Concessions (Amendment to FRS 116)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)*
- *Annual Improvements to FRS(I)s 2018 – 2020*

4 Plant and equipment

Cost	Office equipment US\$	Computers US\$	Assets under construction US\$	Furniture and fixtures US\$	Motor vehicles US\$	Machinery US\$	Leased building (Factory) US\$	Total US\$
At 1 April 2019	4,040,777	299,819	2,618,786	986,273	239,770	37,958,643	7,904,521	54,048,589
Additions	–	–	2,226,511	–	–	–	–	2,226,511
Transfers	1,659,598	91,985	(3,219,898)	68,192	–	1,171,775	228,348	–
Disposals	–	–	–	–	–	(2,104)	–	(2,104)
At 31 March 2020	5,700,375	391,804	1,625,399	1,054,465	239,770	39,128,314	8,132,869	56,272,996
Additions	–	–	2,770,140	–	–	–	–	2,770,140
Transfers	62,519	95,551	(3,898,930)	80,060	–	3,660,800	–	–
Disposals	–	–	–	–	–	(314,245)	–	(314,245)
At 31 March 2021	5,762,894	487,355	496,609	1,134,525	239,770	42,474,869	8,132,869	58,728,891

Accumulated depreciation

At 1 April 2019	389,027	74,631	–	11,649	68,811	58,395	8,017	610,530
Depreciation charge	802,935	123,703	–	102,361	29,971	2,865,577	424,252	4,348,799
Disposals	–	–	–	–	–	(185)	–	(185)
At 31 March 2020	1,191,962	198,334	–	114,010	98,782	2,923,787	432,269	4,959,144
Depreciation charge	1,090,203	121,083	–	109,860	29,971	3,062,200	431,027	4,844,344
Disposals	–	–	–	–	–	(44,469)	–	(44,469)
At 31 March 2021	2,282,165	319,417	–	223,870	128,753	5,941,518	863,296	9,759,019

Carrying amounts

At 1 April 2019	3,651,750	225,188	2,618,786	974,624	170,959	37,900,248	7,896,504	53,438,059
At 31 March 2020	4,508,413	193,470	1,625,399	940,455	140,988	36,204,527	7,700,600	51,313,852
At 31 March 2021	3,480,729	167,938	496,609	910,655	111,017	36,533,351	7,269,573	48,969,872

Assets under construction

Assets under construction mainly consists of costs incurred for construction of new manufacturing and production facilities.

The contracted construction cost with sub-contractors, machinery, direct labour costs, rental charges, related professional fees and interest incurred from financing loan are capitalised as part of the cost of assets under construction.

The following expenses have been capitalised within assets under construction:

	2021	2020
	US\$	US\$
Machinery	2,570,349	1,528,737
IT Equipment/Software	95,551	459,763
Direct labour costs	–	160,796
Others	104,240	77,215
	<u>2,770,140</u>	<u>2,226,511</u>

5 Right-of-use assets

	2021	2020
	US\$	US\$
At 1 April	15,795,396	–
Recognition of right-of-use asset on initial application of FRS116	–	16,739,773
Adjusted balance at 1 April	15,795,396	16,739,773
Depreciation charge for the year	(984,647)	(944,377)
At 31 March	<u>14,810,749</u>	<u>15,795,396</u>

The company's right-of-use asset relates to leased property.

6 Investments in subsidiaries

	2021	2020
	US\$	US\$
Unquoted equity shares, at cost	77,079,557	73,798,981
Impairment losses	(15,420,305)	(15,420,305)
	<u>61,659,252</u>	<u>58,378,676</u>

Unquoted equity shares, at cost

The movements of unquoted equity shares, at cost are as follows:

	2021	2020
	US\$	US\$
At 1 April	73,798,981	167,527,092
Subscription of additional shares	940,857	1,992,281
Transferred from other investments at FVTPL (see note 12 for details)	2,339,719	–
Disposal of shares	–	(95,720,392)
At 31 March	<u>77,079,557</u>	<u>73,798,981</u>

Management noted an indication of impairment with respect to the investment in Strides Pharma Cyprus Limited (“SPC”) as SPC was in loss making position for the past few years. In addition, the COVID-19 pandemic has brought about challenges in the economic environment. The recoverable amount of the investment in SPC was estimated using value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate and long-term growth rate. Management estimates discount rates using weighted average cost of capital adjusted for premiums and discounts, depending on the asset’s specific risk compared to the risk of the overall enterprise. The long-term growth rate of 3% is estimated based on the expected overall economic growth, industry factors and inflation. This rate does not exceed the average long-term growth rate for the relevant markets.

The Company prepares cash flow forecasts for next 5 years based on factors such as expected impact on cash flows from sale of new products, market expansion brought by agreement with new distributor and negotiated agreements with suppliers to achieve cost savings.

The rate used to discount the forecast cash flows is 10.83% (2020: 11.04%).

As at 31 March 2021, based on the key assumptions, Management has determined a recoverable amount that is US\$4,968,729 (2020: US\$501,729) higher than the cost of investment.

Details of the Company’s subsidiaries at 31 March are as follows:

Name of subsidiaries	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held	
			2021 %	2020 %
Strides Pharma (Cyprus) Limited	Trading of pharmaceutical products	Cyprus	100	100
Generic Partners (International) Pte. Ltd.*	Acquiring and holding entities and supply and distribution of pharmaceutical products	Singapore	100	100

Name of subsidiaries	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held	
			2021 %	2020 %
Strides Pharma Latina, SA. De C.A (formerly Strides Shasun Latina, SA de CV)	Trading of pharmaceutical products	Mexico	80	80
Arrow Life Sciences (Malaysia) SDN. BHD.	Trading of pharmaceutical products	Malaysia	100	100
Strides Pharma Canada Inc.	Trading of pharmaceutical products	Canada	100	100
Strides Vivimed Pte. Ltd.*	Trading of pharmaceutical products	Singapore	100	100
Generic Partners UK Ltd	Licensing and supply of pharmaceutical products	United Kingdom	100	100
Generic Partners (R&D) Pte. Ltd.*	R&D of pharmaceutical products and leasing of intangible assets and trading of pharmaceutical products	Singapore	100	100
Strides Nordic ApS	Develop and commercialise pharmaceutical drugs and associated business	Denmark	100	100
Strides Netherlands B.V	Wholesale of pharmaceutical products	Netherlands	100	100
Strides Pharma Science Pty Ltd	Intellectual property holding company	Australia	100	100
Fairmed Healthcare AG.**	Trading of pharmaceutical products	Switzerland	70	—

* Subsequent to the year end, these subsidiaries have amalgamated with the Company (see note 30 for details).

** In 2020, this subsidiary was classified as other investments at FVTPL (see note 12 for details).

7 Investments in associate

	2021	2020
	US\$	US\$
Investments in associate	2,450,000	2,450,000

Details of the Company's associate at 31 March is as follow:

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held	
			2021	2020
			%	%
Sihuan Strides (HK) Limited	Trading of pharmaceutical products	Hong Kong	49	49

8 Intangible assets

	Goodwill	Intellectual	Intangible	Software	Total
	US\$	property rights	assets under	licenses	US\$
		US\$	development	US\$	
			US\$		
Cost					
At 1 April 2019	49,500,959	97,253,046	17,070,341	171,164	163,995,510
Additions*	—	7,966,671	21,463,618	—	29,430,289
Transfers	—	2,184,268	(3,528,747)	1,344,479	—
Write off	—	—	(463,031)	—	(463,031)
Disposal of Australia business*	(49,500,959)	(66,046,151)	(51,624)	—	(115,598,734)
At 31 March 2020	—	41,357,834	34,490,557	1,515,643	77,364,034
Additions	—	1,045,973	12,070,792	—	13,116,765
Transfers	—	14,884,893	(14,974,275)	89,382	—
Write off	—	—	(178,799)	—	(178,799)
Disposals	—	—	(395,000)	—	(395,000)
At 31 March 2021	—	57,288,700	31,013,275	1,605,025	89,907,000
Accumulated amortisation					
At 1 April 2019	—	17,030,762	—	26,060	17,056,822
Amortisation	—	5,117,137	—	38,459	5,155,596
Disposal of Australia business*	—	(11,388,777)	—	—	(11,388,777)
At 31 March 2020	—	10,759,122	—	64,519	10,823,641
Amortisation	—	6,005,010	—	316,553	6,321,563
At 31 March 2021	—	16,764,132	—	381,072	17,145,204
Carrying amounts					
At 1 April 2019	49,500,959	80,222,284	17,070,341	145,104	146,938,688
At 31 March 2020	—	30,598,712	34,490,557	1,451,124	66,540,393
At 31 March 2021	—	40,524,568	31,013,275	1,223,953	72,761,796

* In 2020, the Company disposed its Australia business (see note 25 for details). As part of the disposal, goodwill and intellectual property rights relating to the acquired Aspen Mauritius Business was disposed. Separately, intangible asset under development valued at US\$13,069,003 was transferred from the buyer (Arrotex Australia Group Pty Ltd) to the Company as part of the sale consideration.

Write off

Management has written off intangible assets for commercial reasons. They do not expect to be able to recover the carrying amount from future sales relating to these assets.

Amortisation

The intangible assets except goodwill relates to dossiers, sale, marketing and distribution rights of certain pharmaceutical products, and have finite useful lives of 5 to 20 years, over which the assets are amortised.

As at 31 March 2021, the Company is in the process of obtaining regulatory approval for the sale of the pharmaceutical products for which the intangible assets under development relates to. Accordingly, no amortisation expense has been charged in 2021 and 2020 as the intangible assets under development are not ready for their intended use.

9 Trade and other receivables

	2021	2020
	US\$	US\$
Non-current		
Loan to subsidiaries	5,359,439	1,499,645
Loan to other related party	21,959,901	16,191,370
Deferred consideration	71,982,173	54,982,573
Other receivables	350,745	331,559
	<u>99,652,258</u>	<u>73,005,147</u>
Current		
Trade receivables	21,233,004	16,389,750
Amount due from ultimate holding company (trade)	651,587	352,736
Amount due from immediate holding company (non-trade)	1,006,874	66,263
Amounts due from subsidiaries (trade)	160,330	302,921
Amounts due from subsidiaries (non-trade)	4,414,654	2,660,281
Amounts due from other related parties (trade)	79,951,522	70,811,092
Amounts due from other related parties (non-trade)	3,406,833	1,616,449
Loan to other related party	—	1,003,332
Other receivables	2,161,833	7,362,013
	<u>112,986,637</u>	<u>100,564,837</u>
	<u>212,638,895</u>	<u>173,569,984</u>

Non-trade amounts due from immediate holding company, subsidiaries and other related parties

The non-trade amounts due from immediate holding company, subsidiaries and other related parties are unsecured, interest free and repayable on demand.

Loans to subsidiaries

As at 31 March 2021, loans to subsidiaries comprise of a loan to Strides Pharma (Cyprus) Limited of US\$595,716 (2020: US\$1,499,645) and Fairmed Healthcare AG of US\$4,763,723 (2020: US\$ nil).

The loan to Strides Pharma (Cyprus) Limited is unsecured, bears interest at 600 basis points per annum and is repayable on demand. The loan is not expected to be recovered within the next 12 months.

The loan to Fairmed Healthcare AG is unsecured, bears interest ranging from 600 to 760 basis points per annum and is repayable on demand. The loan is not expected to be recovered within the next 12 months.

Loans to other related parties

As at 31 March 2021, loans to other related parties comprise of a loan to Strides Arcolab International Ltd of US\$21,959,901 (2020: US\$16,191,370) and Fairmed Healthcare AG of US\$ nil (2020: US\$1,003,332).

The loan to Strides Arcolab International Ltd is unsecured, bears interest at 650 basis points per annum with final maturity on 20 December 2025. The loan is not expected to be recovered within the next 12 months.

Deferred consideration

The deferred consideration pertains to a component of the sales proceeds from the disposal of Australia business that is receivable in March 2023. The deferred consideration is not expected to be recovered within next 12 months.

10 Cash and cash equivalents

	2021	2020
	US\$	US\$
Non-current		
Deposits pledged	873,607	—
Current		
Cash at bank	3,102,034	6,684,184
Deposits pledged	679,567	1,515,957
Cash on hand	6,618	5,219
	<u>3,788,219</u>	<u>8,205,360</u>
Cash and cash equivalents	4,661,826	8,205,360
Less: Pledged bank deposits	<u>(1,553,174)</u>	<u>(1,515,957)</u>
Cash and bank balances in the statement of cash flows	<u>3,108,652</u>	<u>6,689,403</u>

The Company's deposits pledged earn interest ranging from 0.4% to 1.0% (2020: 1.4% to 2.1%) per annum and for terms ranging less than twelve months to less than two years.

The deposits pledged are for the bank loans (note 15) undertaken by the Company.

11 Inventories

	2021 US\$	2020 US\$
Finished goods	4,283,980	996,590
Goods-in-transit	161,761	8,135,830
Work-in-progress	910,616	188,920
Raw materials	2,848,012	1,710,803
Others	138,331	45,967
	<u>8,342,700</u>	<u>11,078,110</u>

During the year, inventories written off amounted to US\$5,603,187 (2020: US\$16,760,065), of which, US\$5,031,769 (2020: US\$16,283,302) relates to withdrawal of product (see note 25 for details).

12 Other investments at FVTPL

	2021 US\$	2020 US\$
Non-current		
Investment in unquoted shares – equity instrument	–	2,339,719
	<u>–</u>	<u>2,339,719</u>
Current		
Investment in mutual funds	13,590,389	15,790,878
	<u>13,590,389</u>	<u>15,790,878</u>

Investment in unquoted shares – equity instrument

On 9 September 2019, the Company purchased shares in Fairmed Healthcare AG, an entity incorporated in Switzerland. In 2021, the Company gained controlling interest in Fairmed Healthcare AG, thereby making it a subsidiary of the Company.

Investment in mutual funds

Investment in mutual funds comprise of an investment made in Easterngate Soaring Dragon 2 SP on 29 March 2019. As at 31 March 2021, the investment is made up of 133,570 units (2020: 157,143) amounting to US\$13,590,389 (2020: US\$15,790,878). The investment bears variable interest of 3 month LIBOR plus 365 basis points per annum with the scheduled redemption date in March 2026. The issuer may, at any time, by giving written notice to the Company of not less than 30 business days prior to each quarter end of its intention to make a full or partial redemption at the start of the next quarter.

Movements in investment in mutual funds during the year are as follows:

	2021	2020
	US\$	US\$
At 1 April	15,790,878	18,857,080
Redeemed during the year	(2,357,190)	(3,142,920)
Fair value adjustment	156,701	76,718
At 31 March	<u>13,590,389</u>	<u>15,790,878</u>

13 Share capital and other reserves

	2021		2020	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
Fully paid ordinary shares, with no par value:				
At 1 April and 31 March	<u>500,000</u>	<u>394,500</u>	<u>500,000</u>	<u>394,500</u>
Redeemable preference shares				
At 1 April and 31 March	<u>228,933</u>	<u>178,222,156</u>	<u>228,933</u>	<u>178,222,156</u>
		<u>178,616,656</u>		<u>178,616,656</u>

All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

Fully paid ordinary shares, with no par value

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Redeemable preference shares

The redeemable preference shares (RPS) carries non-cumulative dividends at an annual rate of 12% of the issue price per share in preference to the ordinary shares, payable out of the distributable profits of the financial year, subject to approval by the ordinary shareholders at a general meeting. The RPS do not carry voting rights, except in certain circumstances where:

- any such period as the preferential dividend or any part thereof remains in arrear and unpaid, such period starting from a date not more than 12 months, or such lesser period as the article may provide, after the due date of the dividend;
- upon any resolution which varies the rights attached to the RPS; or
- upon any resolution of winding of the Company.

Subject to the terms set out in the Company's Articles of Association, the RPS may be redeemed at issue price at the option of either the Company or the holder of the RPS, subject to approval from the Board of Directors of the Company.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Capital management

The capital structure of the Company consists of issued capital, monies pending allotment and retained earnings.

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

14 Monies pending allotment

In 2021, the Company refunded US\$2,860,000 (2020: US\$4,800,000) to its immediate holding company out of the monies pending allotment as at 31 March 2020.

15 Bank loans

	2021	2020
	US\$	US\$
Bank loans	77,335,000	87,960,000
Less: Upfront fee	(316,505)	(345,792)
	<u>77,018,495</u>	<u>87,614,208</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(32,625,000)	(27,625,000)
Amount due for settlement after 12 months	<u>44,393,495</u>	<u>59,989,208</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities

	2021	2020
	US\$	US\$
Beginning of financial year	87,614,208	269,457,814
Changes from financing cash flows		
- Proceeds on borrowings from bank	–	17,000,000
- Repayment of bank loans	(10,625,000)	(213,705,000)
Total changes from financing cash flows	<u>(10,625,000)</u>	<u>(196,705,000)</u>
Non-cash changes		
- Amortisation of loan upfront fee	29,287	918,927
- Write off of loan upfront fee	–	13,942,467
Total non-cash changes	<u>29,287</u>	<u>14,861,394</u>
End of financial year	<u>77,018,495</u>	<u>87,614,208</u>

In 2018, the Company obtained a loan facility of US\$45 Million (US\$20 Million short term loan towards cash flow mismatch and US\$25 Million term loan towards capital expenditure incurred in past and future) which was fully drawn down in 2019. The loan bears a variable interest rate at 6 month LIBOR plus 300 basis points per annum. In 2020, the Company repaid the short term while the term loan is repayable in 16 quarterly structured instalments starting 15 months after the date of first disbursement, i.e. on 14 February 2019. As at 31 March 2021, the outstanding loan is US\$15.34 Million and the outstanding term is 7 instalments. The loan is secured with first *pari passu* charge on all current assets and fixed assets including intangibles of the Company.

In 2019, the Company obtained a term loan facility of US\$100 Million which was fully drawn down in that year. The loan bears a variable interest rate at 6 month LIBOR plus 230 basis points per annum. In 2020, the Company repaid US\$50 Million and the balance loan of US\$50 Million is repayable in 12 half yearly structured instalments starting 30 months after the date of first disbursement, with first instalment due on 3 July 2020. The last instalment is due on 4 July 2026. As at 31 March 2021, the outstanding loan is US\$45 Million and the outstanding term is 10 instalments. The loan is secured with first *pari passu* charge on all current assets and fixed assets including intangibles of the Company and its immediate holding company. The loan is also secured with first *pari passu* charge on fixed assets including intangibles and second *pari passu* charge on current assets of the ultimate holding company.

In 2020, the Company obtained a short term loan facility of US\$17 Million for working capital requirements. The loan bears a variable interest rate at 3 month LIBOR plus 250 (2020: 300) basis points per annum. The Company has fully drawn down the short term loan in 2020. In 2021, the Company renewed the short term loan for a further period of 12 months. The loan is secured with first *pari passu* charge on all current assets and fixed assets including intangibles of the Company present and future.

The Company's bank loans are secured over certain bank deposits of the Company (see note 10 for details) and guaranteed by the ultimate holding company and the immediate holding company.

The bank loans are subject to compliance with certain financial covenants by the Company on a standalone and consolidated basis as well as and its ultimate holding company on a consolidated basis. The directors have assessed the compliance with these financial covenants and concluded that those covenants are being complied with.

16 Derivative financial instruments

	Assets US\$	Liabilities US\$
31 March 2021		
Non-current		
<i>Cash flow hedge</i>		
- Interest rate swaps	–	2,135,190
Current		
<i>Cash flow hedge</i>		
- Interest rate swaps	–	1,579,596
	<u>–</u>	<u>3,714,786</u>
31 March 2020		
Non-current		
<i>Cash flow hedge</i>		
- Interest rate swaps	–	3,826,951
Current		
<i>Cash flow hedge</i>		
- Interest rate swaps	–	1,262,888
	<u>–</u>	<u>5,089,839</u>

Outstanding derivative financial instruments amounting to US\$3,714,786 (2020: US\$5,089,839) comprise interest rate swaps to hedge floating interest rate borrowings with final repayment dates between November 2022 and January 2026.

17 Deferred tax (liabilities)/assets

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Plant and equipment	–	–	(2,325,673)	(671,430)
Intangible assets other than goodwill	–	–	(682,691)	(373,772)
Lease liability	273,129	239,208	–	–
Tax losses	–	1,047,242	–	–
Derivative financial instruments	442,531	433,089	–	–
Deferred tax assets/(liabilities)	715,660	1,719,539	(3,008,364)	(1,045,202)
Set off of tax	(715,660)	(1,045,202)	715,660	1,045,202
Net deferred tax assets/(liabilities)	<u>–</u>	<u>674,337</u>	<u>(2,292,704)</u>	<u>–</u>

Movements in temporary differences during the year are as follows:

	At 1 April 2019 US\$	Recognised in profit or loss (Note 26) US\$	Recognised in other comprehensi -ve income US\$	Others* US\$	At 31 March 2020 US\$	Recognised in profit or loss (Note 26) US\$	Recognised in other comprehensi -ve income US\$	At 31 March 2021 US\$
Plant and equipment	(373,955)	(297,475)	—	—	(671,430)	(1,654,243)	—	(2,325,673)
Intangible assets other than goodwill	(1,872,678)	(203,410)	—	1,702,316	(373,772)	(308,919)	—	(682,691)
Lease liability	—	86,493	—	152,714	239,207	33,922	—	273,129
Tax losses	773,968	273,274	—	—	1,047,242	(1,047,242)	—	—
Derivative financial instruments	481,697	—	(48,607)	—	433,090	—	9,441	442,531
	<u>(990,968)</u>	<u>(141,118)</u>	<u>(48,607)</u>	<u>1,855,030</u>	<u>674,337</u>	<u>(2,976,482)</u>	<u>9,441</u>	<u>(2,292,704)</u>

* US\$1,702,316 pertains to the sale of intangible assets as part of the disposal of Australia business. The amount was recognised in profit or loss under exceptional items (see note 25 for details). US\$152,714 pertains to adjustment on initial application of FRS116 on 1 April 2019.

18 Trade and other payables

	2021 US\$	2020 US\$
Non-current		
Other non-current liabilities	<u>1,641,066</u>	<u>71,538</u>
Current		
Trade payables	3,046,962	4,044,448
Amount due to ultimate holding company (trade)	58,417,027	42,911,677
Amount due to ultimate holding company (non-trade)	5,494,872	13,599,813
Amount due to subsidiaries (trade)	—	2,652,748
Amount due to subsidiaries (non-trade)	2,910,406	2,769,065
Amount due to other related parties (trade)	7,566,536	9,295,461
Amount due to other related parties (non-trade)	1,811,644	6,868,158
Other payables	1,701,561	2,007,119
Accruals	4,255,883	4,269,292
Advances from customers	126,896	7,298
	<u>85,331,787</u>	<u>88,425,079</u>

The non-trade amounts due to ultimate holding company, subsidiaries and other related parties are unsecured, interest free and repayable on demand.

19 Lease

Leases as lessee

The Company leases a property. The lease runs for a period of 25 years, with an option to renew the lease after that date. Lease payments are renegotiated before the renewal of the leases to reflect market rentals. The Company is restricted from entering into any sub-lease arrangements.

The Company leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets and its movements during the year related to leased property are presented as right-of-use assets (see note 5).

Amounts recognised in profit or loss

	Plant premises	
	2021	2020
	US\$	US\$
Leases under FRS 116		
Interest on lease liabilities	1,409,146	1,440,671
Expenses relating to short-term leases	55,963	23,792

Amounts recognised in statement of cash flows

	Plant premises	
	2021	2020
	US\$	US\$
Total cash outflow for leases	738,291	1,632,252

20 Revenue

	2021	2020
	US\$	US\$
Sale of goods	253,063,494	210,112,159

Sale of goods

Nature of goods	The Company develops, manufactures and sells pharmaceutical and ancillary products to distributors.
When revenue is recognised	Revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.

Significant payment terms	Invoices issued upon delivery of goods are due within 30 to 180 days.
Obligations for returns and refunds, if any	The company sells its products to the customers with a right to return the goods within the specified period of time. If the probability of acceptance by the customer is uncertain, recognition of revenue is deferred till the expiry of right to return or acceptance by the customer, whichever is earlier.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets.

	2021	2020
	US\$	US\$
Primary geographical markets		
Africa	530,713	2,784,038
Australia	26,632,167	20,552,601
Asia	6,715,657	2,823,601
United States of America	194,015,391	162,474,475
Europe	23,150,492	20,374,985
Canada	1,132,154	979,959
Middle East	886,920	122,500
	<u>253,063,494</u>	<u>210,112,159</u>

21 Other income/(loss)

	2021	2020
	US\$	US\$
Intercompany foreign currency exchange gain/(loss), net	621,126	(1,017,561)
Other foreign currency exchange gain/(loss), net	12,233,736	(6,426,243)
Support service income	373,514	556,723
Gain on sale of plant and equipment	19,413	—
Gain on fair valuation of mutual fund	156,701	76,718
Other operational income	99,048	5
	<u>13,503,538</u>	<u>(6,810,358)</u>

22 Employee benefits expenses

	2021	2020
	US\$	US\$
Staff costs	7,460,438	6,329,044
Contributions to defined contribution plans	589,878	413,935
	<u>8,050,316</u>	<u>6,742,979</u>

Employee benefits expenses excludes direct labour costs amounting to US\$nil (2020: US\$160,796) capitalised in assets under construction (see note 4).

23 Other operating expenses

	2021 US\$	2020 US\$
Power, fuel and water	881,364	1,033,868
Expenses relating to short-term leases	55,963	23,792
Repair and maintenance-buildings	77,072	26,701
Repair and maintenance-machinery	1,109,431	1,109,291
Repair and maintenance-others	492,507	642,137
Insurance	211,245	181,707
Rates and taxes	633,647	637,646
Communication charges	59,135	53,336
Travelling and conveyance	178,596	230,378
Printing and stationery	45,429	41,968
Sales commission	27,692	(84,509)
Royalty expenses	182,259	217,576
Support service fees	406,270	1,102,975
Legal and professional	938,090	1,107,420
Audit fees	109,134	76,966
Regulatory fees	1,812,371	1,773,433
Failure to supply	3,049,617	589,871
Provision for bad debts, net of reversal and write-off	444,716	(50,521)
Write down of intellectual property rights	178,799	463,031
Loss on sale of assets	2,060	—
Consumables	609,528	485,563
Research and development expenses	1,775,947	2,410,629
Subcontracting charges	479,121	—
Business promotion	100,000	—
Donations	4,526	—
Carriage, freight and forwarding	4,501	—
Others	201,908	336,105
	<u>14,070,928</u>	<u>12,409,363</u>

24 Net finance costs

	2021 US\$	2020 US\$
Finance income		
Interest income on loans to subsidiaries	254,299	1,318,084
Interest income on loans to related parties	1,096,831	981,003
Interest income on promissory notes	3,555,678	2,460,085
Interest income on investment at FVTPL	607,492	1,052,650
Bank interest income	25,445	68,290
	5,539,745	5,880,112
Finance costs		
Interest expenses on bank loans	4,527,151	8,542,910
Guarantee commission	860,762	1,470,576
Amortisation of loan upfront fee	449,877	1,036,112
Interest on lease liabilities	1,409,146	1,440,671
Bank charges	3,740	773
Others	442,143	421,801
	7,692,819	12,912,843

25 Exceptional items

		2021 US\$	2020 US\$
Withdrawal of product	(a)	6,441,264	17,983,302
Loss on disposal of Australia business	(b)	—	19,309,938
Others		1,547,094	129,433
		7,988,358	37,422,673

- (a) On 31 March 2020, US Food and Drug Administration (USFDA or the Agency) issued letters to all manufacturers of Ranitidine across dosage forms requesting withdrawal of all prescription (Rx) and over-the-counter (OTC) ranitidine drugs from the market immediately. This step was based on their ongoing investigation of the N-Nitrosodimethylamine (NDMA) impurity in ranitidine medications. As a result, effective 1 April 2020, the Company has ceased further distribution of the product and has been in the process of withdrawing the product from the market.

As at 31 March 2020, the Company estimated the probable sales returns from customers. The withdrawal required the Company to record sales return provision of US\$7,780,277 against revenue, and corresponding impact on cost of goods sold of US\$5,748,729. Additionally, the Company wrote down all related inventories, including inventories expected to be returned, and other costs of withdrawal cumulatively aggregating to US\$17,983,302. This amount was classified as an exceptional item.

In 2021, the Company continued to receive returns from customers. The aggregate sales returns and other costs incurred during the period exceeded its original estimates and accordingly, the Company recorded an additional amount of US\$6,441,264 towards sales returns, including other costs of withdrawal. Similar to prior year, this amount has been recorded as an exceptional item during the year.

- (b) In 2019, the Board of Directors had proposed to divest the Company's equity interest in the Australia business to Dennis Bastas – Executive Chairman of Arrow Pharmaceuticals Pty Limited, Australia (Arrow).

On July 10, 2019, the Company completed the divestment of its Australia business for a consideration of AU\$406 Million (approximately US\$281 Million), including a deferred consideration of AU\$106 Million (approximately US\$73 Million), reduced by a bank debt settlement of AU\$22.47 Million (approximately US\$15.54 Million). Additionally, the Company has retained global access to IP's of over 140 products and has concurrently entered into a preferred supply agreement with Arrotex.

The transaction has resulted in a net loss of US\$19,309,938 comprising of gain on sale of investment of US\$11,569,327 an loss on sale of assets of US\$30,879,265.

26 Tax expense

	2021	2020
	US\$	US\$
Current tax expense		
Current year	169,616	–
Under/(Over) provision in prior years	34,242	(6,916)
	<u>203,858</u>	<u>(6,916)</u>
Deferred tax expense		
Origination and reversal of temporary differences	2,976,482	141,118
	<u>2,976,482</u>	<u>141,118</u>
Total tax expense	<u>3,180,340</u>	<u>134,202</u>
<i>Reconciliation of effective tax rate</i>		
Profit/(Loss) before tax	47,510,212	(11,613,287)
Tax calculated using Singapore tax rate of 17% (2020: 17%)	8,076,736	(1,974,259)
Non-deductible expenses	1,042,025	1,808,843
Tax-exempt income	(2,425,594)	(2,185,994)
Effect of applying 5% tax rate under Development and Expansion Incentive Scheme	(3,781,739)	2,998,328
Recognition of tax effect of previously unrecognised tax losses	(812,432)	(236,475)
Under/(Over) provision in prior years	34,242	(6,916)
Others	1,047,102	(269,325)
	<u>3,180,340</u>	<u>134,202</u>

The Economic Development Board (“EDB”) granted the Company a Development and Expansion Incentive (“DEI”) for qualifying activities subject to fulfilment of certain conditions, for a period of fifteen years commencing 1 July 2014. Under the DEI status, incremental income earned over the average income base from qualifying DEI activities is taxed at a concessionary tax rate of 5% for the first two tranches of five years each and 5.5% for the 3rd tranche of five years.

Subject to the agreement by the tax authorities, at the end of the reporting period, the Company has unutilised capital allowances of US\$nil (2020: US\$25,674,335).

27 Related parties transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	2021	2020
	US\$	US\$
Short-term benefits	1,053,661	862,298
Post-employment benefits	24,270	15,716
	<u>1,077,931</u>	<u>878,014</u>

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2021	2020
	US\$	US\$
Ultimate holding company		
Sales of goods	1,051,710	352,736
Sale of plant and equipment	285,684	—
Rental income from operating lease	160,521	—
Support service fees	(160,222)	(139,199)
Guarantee commission expense	(860,762)	(1,470,576)
Purchases of inventories	(135,957,205)	(122,417,998)
Purchases of plant & equipment	(65,787)	(13,256)
Purchases of intangible assets	(5,054,269)	(12,496,784)
Freight charges	(1,969,009)	(143,806)
Travel expenses	(144,513)	(145,927)
Packing cost	—	(45,000)
Reimbursement of royalty fees incurred on behalf	—	9,445
Reimbursement of failure to supply expenses incurred on behalf	—	1,614
	<u>—</u>	<u>1,614</u>

	2021	2020
	US\$	US\$
Immediate holding company		
Reimbursement of expenses incurred on behalf	—	89,970
	<hr/>	<hr/>
Subsidiaries		
Sale of goods	283,180	3,375,841
Purchase of intangible assets	—	(913,000)
Support service income	170,208	155,542
Purchase of inventories	—	(4,560,159)
Regulatory fees	—	(310,512)
Marketing expenses	(16,492)	—
Freight charges	—	(6,045)
	<hr/>	<hr/>
Other related parties		
Sales of goods	173,411,512	146,590,257
License fee income	—	1,200,000
Purchase of inventories	(23,289,818)	(15,046,342)
Support service fees	(253,147)	(963,776)
Support service income	136,167	127,758
Research and development expenses	—	(326,940)
Products withdrawal expenses	(1,367,000)	(1,700,000)
Travel expenses	—	(1,886)
Failure to supply expenses	(2,947,278)	—
Regulatory fees	(38,495)	—
Freight charges	(530,609)	(10,481)
New product development expenses	(10,273)	—
Reimbursement of intangible assets incurred on behalf	166,667	—
Reimbursement of marketing expenses incurred on behalf	16,492	—
	<hr/>	<hr/>

28 Commitments

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	2021	2020
	US\$	US\$
Capital commitments in respect of plant and equipment	1,919,388	1,136,254
	<hr/>	<hr/>

Capital commitments pertain to the purchases with the suppliers that the Company has committed to spend in the near future arising from the construction of manufacturing and production facilities.

29 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

The Company does not have a formal risk management policies and guidelines. However, the Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

Trade and other receivables

Risk management policy

The Company has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash is placed with banks and financial institutions which are regulated.

At the end of the reporting period, there were non-trade amounts due from the immediate holding company, subsidiaries and other related parties amounting to US\$1,006,874 (2020: US\$66,263), US\$4,414,654 (2020: US\$2,660,281) and US\$3,406,833 (2020: US\$1,616,449) as well as loans to subsidiaries and other related party amounting to US\$5,359,439 (2020: US\$1,499,645) and US\$21,959,901 (2020: US\$17,194,702) respectively. The directors are of the opinion that these counterparties are not expected to have a significant risk of loss due to good credit records.

Impairment losses

Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

A summary of the Company's exposure to credit risk for trade receivables is as follows:

Receivables measured at lifetime ECL Trade receivables	2021		2020	
	Credit impaired US\$	Not credit impaired US\$	Credit impaired US\$	Not credit impaired US\$
Not past due	—	97,172,572	—	60,007,833
Past due within 3 months	—	3,766,240	—	8,755,595
Past due 3 to 6 months	—	395,954	—	1,895,424
Past due over 6 months	—	735,602	—	17,271,572
	—	102,070,368	—	87,930,424
Loss allowance	—	(73,925)	—	(73,925)
	—	101,996,443	—	87,856,499

The carrying amount of the Company's top 5 (2020: 5) customers consists of 92% (2020: 89%) of the total trade receivables balance as at 31 March 2021.

Expected credit loss assessment

The Company uses an allowance matrix to measure the ECLs of trade receivables from certain customers where there is no credit ratings (or equivalent) available and the Company believes the credit ratings may not be reflective of the expected risk of default for these customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the age of customer relationship.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2021:

	Weighted average loss rate %	Gross carrying amount US\$	Impairment loss allowance US\$	Credit Impaired
2021				
Not past due	—	97,172,572	—	No
1 – 30 days	—	3,070,874	—	No
31 – 90 days	—	695,366	—	No
91 – 180 days	—	395,954	—	No
181 – 365 days	—	478,506	—	No
>365 days	28.75	257,096	73,925	No
		102,070,368	73,925	
2020				
Not past due	—	60,007,833	—	No
1 – 30 days	—	4,638,733	—	No
31 – 90 days	—	4,116,862	—	No
91 – 180 days	—	1,895,424	—	No
181 – 365 days	—	3,022,611	—	No
>365 days	0.52	14,248,961	73,925	No
		87,930,424	73,925	

Loss rates are based on actual credit loss experience over prior years adjusted for current conditions and the Company's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss. As of 2021, no scalar factors has been applied.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Lifetime ECL US\$
At 1 April 2019	403,166
Reversal of impairment loss	(231,971)
Amount written off during the year	(97,270)
At 31 March 2020 and 31 March 2021	<u>73,925</u>

There were no significant changes in the gross carrying amounts of trade receivables contributing to the changes in the impairment loss allowance during 2021.

Cash and cash equivalents

The Company held cash and cash equivalents of US\$4,661,826 at 31 March 2021 (2020: US\$8,205,360) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are regulated.

Liquidity risk

The Company maintains sufficient cash and cash equivalents, internally generated cash flows and financing from bank to finance their activities.

All financial assets and liabilities are repayable on demand or due within one year from the end of the reporting period, except for loans due from subsidiaries amounting to US\$5,359,439 (2020: US\$1,499,645), loan due from a related related party amounting to US\$21,959,901 (2020: US\$16,191,370), deferred consideration amounting to US\$71,982,173 (2020: US\$54,982,573), other receivables amounting to US\$350,745 (2020: US\$331,559), a pledged bank deposit amounting to US\$873,607 (2020: US\$nil), and bank loans amounting to US\$44,393,495 (2020: US\$59,989,208) as disclosed in notes 9, 10 and 15 respectively.

The Company has contractual commitments with contracts to purchase plant and equipment (note 28).

At the end of the reporting period, the contractual cash flows of the Company's current financial liabilities approximately the carrying values and they are expected to be settled within the next twelve months.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Carrying amount US\$	Contractual cash flows US\$	Within 1 year US\$	2 -5 years US\$	After 5 year US\$
2021					
Non-derivative financial liabilities					
Bank loans and trade and other payables*	163,864,452	(164,180,957)	(117,829,891)	(46,351,066)	—
Lease liabilities	20,273,336	(35,182,526)	(1,889,164)	(5,943,945)	(27,349,417)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	3,714,786	(3,714,786)	(1,579,596)	(2,135,190)	—
2020					
Non-derivative financial liabilities					
Bank loans and trade and other payables*	176,103,527	(176,449,320)	(116,042,782)	(50,406,538)	(10,000,000)
Lease liabilities	19,602,481	(35,049,143)	(1,783,138)	(5,530,844)	(27,735,161)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	5,089,839	(5,089,839)	(1,262,888)	(3,652,863)	(174,088)

* Excludes advances from customers.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Risk management policy

The Company is exposed to transactional foreign currency on cash and cash equivalents, trade and other receivables and trade and other payables that are denominated in a currency other than United States dollar ("US\$"). The Company monitors its net exposure to these foreign currencies to ensure it remains insignificant.

Exposure to currency risk

The Company's exposures to foreign currency at the end of the reporting period are as follows:

	Assets	2021	Net	Assets	2020	Net
	US\$	Liabilities	US\$	US\$	Liabilities	US\$
		US\$			US\$	
Australia dollar	81,884,144	(13,828,332)	68,055,812	61,445,243	(7,481,539)	53,963,704
Euro	7,886,559	(4,519,752)	3,366,807	2,163,662	(2,202,690)	(39,028)
Singapore dollar	1,290,247	(22,984,483)	(21,694,236)	1,388,961	(21,763,085)	(20,374,124)
Canadian dollar	1,520,589	(971,486)	549,103	520,701	(1,334,483)	(813,782)
Sterling pound	—	(517,982)	(517,982)	—	(1,709,158)	(1,709,158)
Malaysian ringgit	12,238	(7,417)	4,821	11,676	(3,994)	7,682
Vietnam dong	794	—	794	797	—	797
South Africa Rand	—	(3,321)	(3,321)	5,067	(5,050)	17

Sensitivity analysis

A 1% strengthening/(weakening) of United States dollar against the following currencies at the reporting date would have increased/(decreased) equity and profit or loss before income tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit/(Loss)	
	2021	2020
	US\$	US\$
Australia dollar	(680,558)	(539,637)
Euro	(33,668)	390
Singapore dollar	216,942	203,741
Canadian dollar	(5,491)	8,138
Sterling pound	5,180	17,092
Malaysian ringgit	(48)	(77)
Vietnam dong	(8)	(8)
South Africa Rand	33	—
	(497,618)	(310,361)

Interest rate risk

Risk management policy

The Company is exposed to interest rate risk on the borrowings made by the Company at variable interest rates. The Company limits the exposure to interest rate fluctuations by entering into interest rate swap contracts.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount	
	2021	2020
	US\$	US\$
Fixed rate instruments		
Financial assets	25,746,574	17,880,178
Financial liabilities	(57,210,000)	(66,710,000)
	<u>(31,463,426)</u>	<u>(48,829,822)</u>
Variable rate instruments		
Financial assets	—	—
Financial liabilities	(20,125,000)	(21,250,000)
	<u>(20,125,000)</u>	<u>(21,250,000)</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	50 bp increase	50 bp decrease
	US\$	US\$
31 March 2021		
Variable rate instruments	<u>(100,625)</u>	<u>100,625</u>
31 March 2020		
Variable rate instruments	<u>(106,250)</u>	<u>106,250</u>

Hedge accounting

Cash flow hedges

At 31 March 2021, the Company held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity		
	Less than one year	1 to 5 years	More than five years
2021			
Interest rate risk			
Interest rate swaps			
Net exposure (in US\$)	14,000,000	43,210,000	—
Average fixed interest rate (in %)	<u>5.62</u>	<u>5.62</u>	<u>—</u>
2020			
Interest rate risk			
Interest rate swaps			
Net exposure (in US\$)	9,500,000	47,210,000	10,000,000
Average fixed interest rate (in %)	<u>5.71</u>	<u>5.71</u>	<u>5.71</u>

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness US\$	Cash flow hedge reserve US\$
31 March 2021		
Interest rate risk		
Variable rate instruments	(3,714,786)	(3,272,255)
	<u>(3,714,786)</u>	<u>(3,272,255)</u>
31 March 2020		
Interest rate risk		
Variable rate instruments	(5,089,839)	(4,656,749)
	<u>(5,089,839)</u>	<u>(4,656,749)</u>

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2021			2020			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount US\$	Carrying amount – assets US\$	Carrying amount – liabilities US\$	Nominal amount US\$	Carrying amount – assets US\$	Carrying amount – liabilities US\$	
Interest rate risk							Derivative financial instruments
Interest rate swaps	57,210,000	–	3,714,786	66,710,000	–	5,089,839	

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve US\$
Balance at 1 April 2019	(4,472,323)
Cash flow hedges	
Change in fair value:	
Interest rate risk	(135,819)
Tax on movements on reserves during the year	(48,607)
Balance at 31 March 2020	<u>(4,656,749)</u>
Balance at 1 April 2020	(4,656,749)
Cash flow hedges	
Change in fair value:	
Interest rate risk	1,375,053
Tax on movements on reserves during the year	9,441
Balance at 31 March 2021	<u>(3,272,255)</u>

Classifications and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 3 describe how the classes of financial instruments are measured, including fair value gains and losses, are recognised.

The categorisations of financial assets that are measured at FVOCI/FVTPL in the fair value hierarchy are as follows:

- Interest rate swaps are categorised as level 2 with its fair value measured using the swap model. The fair value is calculated as the present value of the estimated future cash flows discounted using a yield curve from similar sources which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps; and
- Investment in mutual funds and convertible notes are categorised as level 2 with its fair value measured by comparing to current or recent quoted prices for identical securities in markets that are not active.

The classifications of financial assets that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value, are as follows:

- Trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost.

All financial liabilities that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value are classified as financial liabilities at amortised cost.

30 Subsequent event

With effect from 1 June 2021, pursuant to Section 215D of the Companies Act (Chapter 50), the three wholly owned subsidiaries (“Generic Partners (International) Pte. Ltd., Generic Partners (R&D) Pte. Ltd. and Strides Vivimed Pte. Ltd.”) have amalgamated with the Company. Following the amalgamation, all the business and undertakings, including all rights and obligations of the subsidiaries were transferred to the Company. Subsequent to the amalgamation, the subsidiaries have ceased to exist as separate entities.