

**NATCO PHARMA ASIA PTE. LTD.**  
(Incorporated in Singapore)  
Reg. No: 201230076Z

**ANNUAL FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2017**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
DIRECTORS' STATEMENT	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 27

**DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

The directors present their statement to the members together with the audited financial statements of Natco Pharma Asia Pte. Ltd. (the "Company") for the financial year ended 31 March 2017.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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.

**2. DIRECTORS**

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

Mente Subba Rao  
Virkar Girish Suresh  
Ramasamy Jayapal

**3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

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

**4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES**

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<u>Name of directors</u>	<u>Deemed interest</u>	
	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
<u>Ordinary shares of the Holding Company</u>		
Mente Subba Rao	5,850	5,850

NATCO PHARMA ASIA PTE. LTD.  
(Reg. No: 201230076Z)

DIRECTORS' STATEMENT FOR THE FINANCIAL ENDED 31 MARCH 2017

**5. SHARE OPTIONS**

There were no share options granted during the financial year to subscribe for unissued shares of the Company.


There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

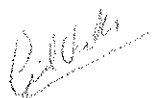
There were no unissued shares of the Company under option as at the end of the financial year.

**6. AUDITORS**

V. P. Kumaran & Co. has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

  
.....  
**Mente Subba Rao**  
Director

  
.....  
**Virkar Girish Suresh**  
Director

Singapore,

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NATCO PHARMA ASIA PTE. LTD.****Report on the audit of the financial statements****Opinion**

We have audited the financial statements of Natco Pharma Asia Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of 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.

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 2017 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 Auditor's 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 (ACRA) 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.

**Emphasis of Matter**

We draw attention to Note 2.2 of the financial statements. As shown in the accompanying financial statements, the Company incurred a net loss for the year ended 31 March 2017 of \$332,826 and as at that date, the Company's total liabilities exceeded total assets by \$48,346. The accompanying financial statements have been prepared on a going concern basis which assumes that continued financial support will be given by the holding company to meet the Company's liabilities as and when they fall due. Our opinion is not qualified on this matter.

**Other Information**

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 and 2.

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

**Other Information (continued)**

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.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 control.

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 control 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.

**V. P. KUMARAN & CO**Public Accountants and  
Chartered AccountantsSingapore,  
4 May 2017

AJ/VP/TK/LY

**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

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	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	6,384	28,989
<b>Current assets</b>			
Inventories	5	7,220	-
Cash and cash equivalents	6	23,702	58,131
Other receivables	7	13,793	18,840
<b>Total current assets</b>		<b>44,715</b>	<b>76,971</b>
<b>Total assets</b>		<b>51,099</b>	<b>105,960</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	99,445	71,480
<b>Total current liabilities</b>		<b>99,445</b>	<b>71,480</b>
<b>Net (liabilities)/ assets</b>		<b>(48,346)</b>	<b>34,480</b>
<b>EQUITY</b>			
Share capital	9	915,000	665,000
Accumulated losses		(963,346)	(630,520)
<b>Total equity</b>		<b>(48,346)</b>	<b>34,480</b>

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

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**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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	<b>Note</b>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>			
Sale of goods		1,721,875	-
Other income		2,969	-
		<u>1,724,844</u>	<u>-</u>
<b>COSTS AND EXPENSES</b>			
Depreciation	4	23,987	23,895
Purchase		1,677,594	-
Staff cost	10	134,761	101,178
Other operating expenses		221,328	196,869
<b>Total costs and expenses</b>		<u>2,057,670</u>	<u>321,942</u>
<b>Loss before tax</b>	11	(332,826)	(321,942)
<b>Income tax expense</b>	12	<u>-</u>	<u>-</u>
<b>Loss representing total comprehensive loss for the financial year</b>		<u>(332,826)</u>	<u>(321,942)</u>

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

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**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	\$	\$	\$
<b>2017</b>			
Balance at beginning of financial year	665,000	(630,520)	34,480
Shares issued during the financial year	250,000	-	250,000
Total comprehensive loss for the financial year	-	(332,826)	(332,826)
Balance at end of financial year	<u>915,000</u>	<u>(963,346)</u>	<u>(48,346)</u>
<b>2016</b>			
Balance at beginning of financial year	340,000	(308,578)	31,422
Shares issued during the financial year	325,000	-	325,000
Total comprehensive loss for the financial year	-	(321,942)	(321,942)
Balance at end of financial year	<u>665,000</u>	<u>(630,520)</u>	<u>34,480</u>

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

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**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

	Note	2017	2016
		\$	\$
<b>Capital cash flows from operating activities</b>			
Loss before tax		(332,826)	(321,942)
Adjustment for:			
Depreciation of plant and equipment		23,987	23,895
<b>Operating loss before working capital changes</b>		<u>(308,839)</u>	<u>(298,047)</u>
<b>Changes in working capital:</b>			
Inventories		(7,220)	-
Trade and other receivables		5,047	(5,649)
Other payables and provision for director's fees		23,466	50,230
<b>Net cash flows used in operating activities</b>		<u>(287,546)</u>	<u>(253,466)</u>
<b>Capital cash flows from investing activities</b>			
Purchase of plant and equipment		(1,382)	(15,277)
<b>Net cash flows used in investing activities</b>		<u>(1,382)</u>	<u>(15,277)</u>
<b>Capital cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		250,000	325,000
Changes in amount due to director		4,499	-
<b>Net cash flows generated from financing activities</b>		<u>254,499</u>	<u>325,000</u>
<b>Net change in cash and cash equivalents</b>		(34,429)	56,257
<b>Cash and cash equivalents at beginning of financial year</b>		58,131	1,874
<b>Cash and cash equivalents at end of financial year</b>	6	<u>23,702</u>	<u>58,131</u>

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

**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 4 May 2017.

**1. CORPORATE INFORMATION**

Natco Pharma Asia Pte. Ltd. (the “Company”) is a limited private liability company incorporated and domiciled in Singapore.

The registered office of the Company is located at

111 North Bridge Road  
#16-04 Peninsula Plaza  
Singapore 179098

The principal place of business of Company is at

62 Ubi Road 1,  
#03-21, Oxley Bizhub 2,  
Singapore 408734

The principal activities of the Company are those relating to wholesale of medical and pharmaceutical products (western) and R & D pharmaceutical products.

The holding company during the financial year is Natco Pharma Ltd incorporated in India.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore dollar (SGD or \$) and all values are rounded to the nearest dollar as indicated.

**2.2 Going concern**

The Company incurred a net loss of \$332,826 during the financial year ended 31 March 2017 and as at that date, the Company’s total liabilities exceeded its total assets by \$48,346. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern depends on the holding company’s undertaking to provide continuing financial support to enable the Company to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 Going concern (continued)**

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

The holding company has agreed to provide financial support for the Company to meet its liabilities.

**2.3 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Company.

**2.4 Standards issued but not yet effective**

The Company has not adopted the standards that have been issued but not yet effective.

The directors expect that the adoption of these standards will have no material impact on the financial statements in the period of initial application.

**2.5 Foreign currency**

The Company's financial statements are presented in Singapore dollar, which is also the Company's functional currency.

*Transactions and balances*

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.5 Foreign currency (continued)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of comprehensive income.

**2.6 Plant and equipment**

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- |                          |         |
|--------------------------|---------|
| • Office equipment       | 3 years |
| • Furniture and fittings | 3 years |
| • Renovations            | 3 years |

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in statement of comprehensive income in the year the asset is derecognised.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

**2.8 Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through statement of comprehensive income, directly attributable transaction costs.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

*Other financial liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

**2.9 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.9 Provisions (continued)**

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.10 Inventories**

Inventories are stated at cost. Cost is determined using the first in first out cost method. The cost of inventories comprises purchase cost and all direct cost incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

**2.11 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

*Interest income*

Interest income is recognised using the effective interest method.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.12 Taxes**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in statement of comprehensive income except to the extent that the tax relates to items recognised outside statement of comprehensive income, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*Sales tax*

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.13 Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.14 Related parties**

A related party is defined as follows:

- (a) *A person or a close member of that person's family is related to the Company if that person:*
- (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) *An entity is related to the Company if any of the following conditions applies:*
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgments made in applying accounting policies**

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

*Determination of functional currency*

The Company measures foreign currency transactions in the functional currency of the Company. In determining the functional currency of the Company, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which it operates and its process of determining sales prices.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Income taxes*

The Company has exposure to income taxes. A degree of judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

**4. PLANT AND EQUIPMENT**

	Office equipment	Furniture and fittings	Renovation	Total
2017	\$	\$	\$	\$
<b>Cost</b>				
At beginning of financial year	-	7,003	64,685	71,688
Additions during the financial year	1,382	-	-	1,382
At end of financial year	1,382	7,003	64,685	73,070
<b>Accumulated depreciation</b>				
At beginning of financial year	-	4,617	38,082	42,699
Depreciation for the financial year	92	2,334	21,561	23,987
At end of financial year	92	6,951	59,643	66,686
<b>Net carrying amount</b>				
At end of financial year	1,290	52	5,042	6,384

	Furniture and fittings	Renovation	Total
2016	\$	\$	\$
<b>Cost</b>			
At beginning of financial year	6,848	49,563	56,411
Additions during the financial year	155	15,122	15,277
At end of financial year	7,003	64,685	71,688
<b>Accumulated depreciation</b>			
At beginning of financial year	2,283	16,521	18,804
Depreciation for the financial year	2,334	21,561	23,895
At end of financial year	4,617	38,082	42,699
<b>Net carrying amount</b>			
At end of financial year	2,386	26,603	28,989

**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

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**5. INVENTORIES**

	<b>2017</b>	<b>2016</b>
	\$	\$
Finished goods	7,220	-

Finished goods comprised of medical and pharmaceutical products. The cost of inventories recognised as an expense and included cost of sale amount to \$1,677,594 (2016: Nil).

**6. CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>2016</b>
	\$	\$
Cash at bank	22,524	57,631
Cash on hand	1,178	500
	<u>23,702</u>	<u>58,131</u>

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in Singapore dollar.

**7. OTHER RECEIVABLES**

	<b>2017</b>	<b>2016</b>
	\$	\$
Advance to supplier	-	5,740
Deposits	11,590	13,100
Good and services tax	1,092	-
Prepayment	1,111	-
	<u>13,793</u>	<u>18,840</u>

The carrying amounts of other receivables approximate their fair values and are denominated in Singapore dollar.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

**8. TRADE AND OTHER PAYABLES**

	<b>2017</b>	<b>2016</b>
	\$	\$
Trade payables - Holding company	7,220	-
Accruals	60,513	44,267
Amount due to director	31,712	27,213
	<u>99,445</u>	<u>71,480</u>

*Trade payables*

Trade payables are non interest bearing and are normally settled on 30 days' term.

*Amount due to director*

Amount due to director is non-trade related, unsecured, non-interest bearing and is repayable on demand.

The carrying amounts of other payables approximate their fair values and are denominated in Singapore dollar.

**9. SHARE CAPITAL**

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	No. of shares	\$	No. of shares	\$
<b>Issued and fully paid</b>				
<b>ordinary shares:</b>				
At beginning of financial year	665,000	665,000	340,000	340,000
Shares issued during the financial year	250,000	250,000	325,000	325,000
At end of financial year	<u>915,000</u>	<u>915,000</u>	<u>665,000</u>	<u>665,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

**10. STAFF COST**

	<b>2017</b>	<b>2016</b>
	\$	\$
Director's salary	92,400	92,400
Staff salaries	36,074	7,500
CPF contributions	6,287	1,278
	<u>134,761</u>	<u>101,178</u>

**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

**11. LOSS BEFORE TAX**

The following items have been included in arriving at loss before tax:

	<b>2017</b>	<b>2016</b>
	\$	\$
<i>After charging:</i>		
Legal fee	35,117	29,814
Exchange loss	33,309	-
	<u>68,426</u>	<u>-</u>

**12. INCOME TAX EXPENSE**

**a) Income tax expense**

	<b>2017</b>	<b>2016</b>
	\$	\$
Current year's income tax provision	-	-
	<u>-</u>	<u>-</u>

**b) Reconciliation of effective tax**

	<b>2017</b>	<b>2016</b>
	\$	\$
Loss before tax	(332,826)	(321,942)
Income tax expense using the corporate tax rate of 17% (2016: 17%)	(56,580)	(54,730)
Non-deductible expenses	4,078	4,062
Unutilised tax losses	52,502	50,668
	<u>-</u>	<u>-</u>

**13. RELATED PARTY DISCLOSURE**

During the financial year, in addition to information disclosed elsewhere in the financial statements, significant related party transactions between the Company and related parties carried out on terms agreed between the parties in the normal course of business are as follows:

**Related Party**

	<b>2017</b>	<b>2016</b>
	\$	\$
Professional fee paid to a company where a director has an interest	6,000	5,900
	<u>6,000</u>	<u>5,900</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

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13. RELATED PARTY DISCLOSURE (CONTINUED)

**Key Management Personnel**

	<b>2017</b>	<b>2016</b>
	\$	\$
Directors' remuneration	92,400	92,400

Balances with related party are set out in Note 8.

14. COMMITMENTS

**Operating lease commitments**

The Company has entered into non-cancellable operating lease for rental of office premises. At statement of financial position date, the Company was committed to making the following payment with respect of the lease:

	<b>2017</b>	<b>2016</b>
	\$	\$
Not later than one year	31,200	13,000
Later than one year but not later than five years	13,000	-
	<u>44,200</u>	<u>13,000</u>
Rental expense incurred during the year	<u>31,200</u>	<u>31,200</u>

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

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**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**(a) Categories of financial instruments**

The following tables set out the financial instruments as at the end of financial year.

	<b>Loans and receivables</b>	<b>Liabilities at amortised cost</b>	<b>Total</b>
	\$	\$	\$
<b>2017</b>			
<i>Assets</i>			
Cash and cash equivalents	23,702	-	23,702
Other receivables	11,590	-	11,590
	<u>35,292</u>	<u>-</u>	<u>35,292</u>
<i>Liabilities</i>			
Other payables	-	99,445	<u>99,445</u>

	<b>Loans and receivables</b>	<b>Liabilities at amortised cost</b>	<b>Total</b>
	\$	\$	\$
<b>2016</b>			
<i>Assets</i>			
Cash and cash equivalents	58,131	-	58,131
Other receivables	13,100	-	13,100
	<u>71,231</u>	<u>-</u>	<u>71,231</u>
<i>Liabilities</i>			
Other payables	-	71,480	<u>71,480</u>



**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**(b) *Financial risk management objectives and policies***

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

**Credit risk**

Credit risk refers to the risk that counter parties may default on their contractual obligations resulting in a financial loss to the Company. As there are no trade receivable and cash and bank balances are placed with reputable local financial institutions, the Company has no exposure to credit risk.

***Liquidity risk***

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**(b) Financial risk management objectives and policies (continued)**

**Liquidity risk (continued)**

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<b>One year or less</b>	<b>Two to five years</b>	<b>Total</b>
	\$	\$	\$
<b>2017</b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	23,702	-	23,702
Other receivables	11,590	-	11,590
Total undiscounted financial assets	<u>35,292</u>	<u>-</u>	<u>35,292</u>
<b><u>Financial liabilities</u></b>			
Other payables	99,445	-	99,445
Total undiscounted financial liabilities	<u>99,445</u>	<u>-</u>	<u>99,445</u>
Total net undiscounted financial liabilities	<u>(64,153)</u>	<u>-</u>	<u>(64,153)</u>
<b>2016</b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	58,131	-	58,131
Other receivables	13,100	-	13,100
Total undiscounted financial assets	<u>71,231</u>	<u>-</u>	<u>71,231</u>
<b><u>Financial liabilities</u></b>			
Other payables	71,480	-	71,480
Total undiscounted financial liabilities	<u>71,480</u>	<u>-</u>	<u>71,480</u>
Total net undiscounted financial liabilities	<u>(249)</u>	<u>-</u>	<u>(249)</u>

**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

*(b) Financial risk management objectives and policies (continued)*

**Foreign currency risk**

Foreign exchange risk arises from change in foreign exchange rates that may have an adverse effect on the Company in the current reporting period and in the future years. The Company's exposure to foreign currency risk is minimal as all transactions are dealt with in local currency.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Company has no interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

**16. FAIR VALUES**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

*Cash and cash equivalents, other receivables and other payables*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017**

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**17. CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company is not subject to externally imposed capital requirements. Management monitors capital based on a gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as other payables plus provision for directors' fees less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<b>2017</b>	<b>2016</b>
	\$	\$
Net debt	75,743	13,349
Total equity	(48,346)	34,480
Total capital	<u>27,397</u>	<u>47,829</u>
Gearing ratio	<u>276%</u>	<u>28%</u>

**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
Revenue	1,721,875	-
Less: Purchases	1,677,594	-
Gross profit	44,281	-
Miscellaneous income	1,619	-
Government grant	1,350	-
	<u>47,250</u>	<u>-</u>
<b>COSTS AND EXPENSES</b>		
Audit fee	3,000	4,500
Bank charges	569	298
Brokerage	500	1,070
Business promotion	4,300	-
Conveyance	4,654	2,951
CPF contribution and CDAC	6,287	1,278
Depreciation	23,987	23,895
Directors' salaries	92,400	92,400
Electricity expenses	2,046	801
Exchange loss	33,309	-
GST charges	-	1,823
Insurance charges	687	578
Legal charges	35,117	29,814
Miscellaneous charges	632	-
Office expenses	4,327	5,974
Office rent	31,200	31,200
Postage and courier	469	72
Printing and stationery	1,252	1,754
Product registration expense	27,608	43,468
Professional fees	11,450	12,035
Recruitment charges	425	-
Rent - other	36,000	38,000
Repair and maintenance	168	890
RLD sample purchase	10,389	15,406
Salary	36,074	7,500
Secretarial	2,400	-
Skill development levy	214	51
Staff welfare	2,562	1,909
Telephone expenses	4,600	2,775
Travelling expenses	200	1,500
Web design charges	3,250	-
<b>Total costs and expenses</b>	<u>380,076</u>	<u>321,942</u>
<b>Loss before tax</b>	<u>(332,826)</u>	<u>(321,942)</u>

This statement does not form part of the audited financial statements of the Company.