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

ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2020

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DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 2020.

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 2020 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
Prabhakaran Mangayarkarasi

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:

	Direct interest	
Name of directors	At beginning of the financial year	At end of the financial year
Ordinary shares of the Holding Company		
Mente Subba Rao	44,850	44,850
Ordinary shares of the Company		
Virkar Girish Suresh	5,000	5,000

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

NATCO PHARMA ASIA PTE. LTD. Co.Reg.No: 201230076Z

....
Virkar Girish Suresh
Director

P. Mangayarkarasi

NATCO PHARMA ASIA PTE. LTD. Co.Reg.No: 201230076Z

....
Prabhakaran Mangayarkarasi
Director

Singapore,
8 May 2020

V.P. KUMARAN & CO
CHARTERED ACCOUNTANTS OF SINGAPORE

111 NORTH BRIDGE ROAD
#16-04 PENINSULA PLAZA
SINGAPORE 179098
TEL: 6337 6485 (3 Lines)
FAX: 6339 6517
EMAIL: vpkco@singnet.com.sg

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 2020, 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 2020 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 of the financial statements which indicates that the Company incurred a net loss of $252,642 or the financial year ended 31 March 2020. The financial statements have been prepared on a going concern basis as 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 modified 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.

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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.

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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.

VP Kumaran & Co

V. P. KUMARAN & CO
Public Accountants and
Chartered Accountants

Singapore,
8 May 2020

AJ/SM/kv

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020	2019
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	4	19,529	9,381
Current assets			
Inventories	5	109,421	77,902
Cash and cash equivalents	6	57,882	79,938
Trade and other receivables	7	2,437,389	2,239,346
Total current assets		2,604,692	2,397,186
Total assets		2,624,221	2,406,567
LIABILITIES			
Current liabilities			
Trade and other payables	8	312,613	83,475
Interest bearing loans	9	2,113,325	2,122,167
Total current liabilities		2,425,938	2,205,642
Net assets		**198,283**	**200,925**
EQUITY			
Share capital	10	2,100,000	1,850,000
Accumulated losses		(1,901,717)	(1,649,075)
Total equity		**198,283**	**200,925**

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

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		$	$
CONTINUING OPERATIONS			
REVENUE			
Sale of goods		500,272	244,362
Other income	11	104,778	23,944
		605,050	268,306
COSTS AND EXPENSES			
Change in inventories		(31,518)	(1,248)
Depreciation	4	34,320	5,888
Purchase		267,446	136,158
Finance cost	12	108,333	22,167
Staff cost	13	299,526	257,722
Other operating expenses		179,585	170,035
Total costs and expenses		857,692	590,722
LOSS BEFORE TAX	14	(252,642)	(322,416)
INCOME TAX EXPENSE	15	-	-
LOSS REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(252,642)	(322,416)

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Share capital	Accumulated losses	Total equity
	$	$	$
2020			
Balance at beginning of financial year	1,850,000	(1,649,075)	200,925
Shares issued during the financial year (Note 10)	250,000	-	250,000
Total comprehensive loss for the financial year	-	(252,642)	(252,642)
Balance at end of financial year	2,100,000	(1,901,717)	198,283
2019			
Balance at beginning of financial year	1,370,000	(1,326,659)	43,341
Shares issued during the financial year (Note 10)	480,000	-	480,000
Total comprehensive loss for the financial year	-	(322,416)	(322,416)
Balance at end of financial year	1,850,000	(1,649,075)	200,925

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

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		$	$
Capital cash flows from operating activities			
Loss before tax		(252,642)	(322,416)
Adjustment for:			
Depreciation of property, plant and equipment		3,161	5,889
Depreciation of right use of asset		31,159	-
Interest expense		108,333	22,167
Interest income		(102,523)	(21,524)
Operating loss before working capital changes		(212,512)	(315,884)
Changes in working capital:			
Inventories		(31,519)	(1,248)
Trade and other receivables		(216,771)	(99,687)
Trade and other payables		229,138	42,399
Cash generated from operations		(231,664)	(374,420)
Interest expense		(108,333)	-
Interest income		102,523	-
Net cash flows used in operating activities		(237,474)	(374,420)
Capital cash flows from investing activities			
Purchase of property, plant and equipment	4	(326)	(13,333)
Non trade receivable from related party		-	(2,039,100)
Net cash flows used in investing activities		(326)	(2,052,433)
Capital cash flows from financing activities			
Proceeds from issuance of ordinary shares	10	250,000	480,000
Proceeds from loan		18,728	2,100,000
Changes in balances with director		-	(102,610)
Repayment of principal portion of lease liability		(13,325)	-
Repayment of int-bearing loans and borrowings		(39,659)	-
Net cash flows generated from financing activities		215,744	2,477,390
Net change in cash and cash equivalents		(22,056)	50,537
Cash and cash equivalents at beginning of financial year		79,938	29,401
Cash and cash equivalents at end of financial year	6	57,882	79,938

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

These notes form an integral part of the financial statements.

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 Limited 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 $252,642 (2019:$322,416) for the financial year ended 31 March 2020. 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 immediate holding company 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 immediate and ultimate holding company, Natco Pharma Limited, have agreed to provide adequate funds for the Company to meet its liabilities.

2.3 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2019. Except for the adoption of FRS 116 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (continued)

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	Increase/(Decrease)
	$
Assets	
Property, plant and equipment	44,142
Total assets	44,142
Liabilties	
Interest bearing loans and borrowings	44,142
Total liabilities	44,142

The nature of the adjustments are described below:

The Company has lease contract for buildings. Before the adoption of FRS 116, the Company classified lease (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2.14.

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2.14. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

(a) Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (continued)

(a) Leases previously accounted for as operating leases (continued)

The Company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- right-of-use assets of $44,142 were recognised and presented within property, property, plant and equipment.
- additional lease liabilities of $44,142 (included in interest-bearing loans and borrowings) were recognised; and

2.4 Standards issued but not yet effective

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	$
Operating lease commitment as at 31 March 2019	45,900
Weighted average incremental borrowing rate as at 1 April 2019	5.25%
Lease liabilities as at 1 April 2019	44,142

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards issued but not yet effective (continued)

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

Description	**Effective for annual periods beginning on or after**
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 January 2020
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, property, plant and equipment

All items of property, property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, property, 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 property, property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, property, plant and equipment. The cost of an item of property, 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 property, 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 property, 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
• Leasehold building	Over lease period of 2 years

The carrying values of property, 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 property, 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.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable in demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss have been recognised previously. Such reversal is recognised in profit or loss.

2.9 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debts instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the contractual cash flow characteristics of the assets. The three measurement categories for classification of debt instruments are:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

Subsequent measurement (continued)

Investments in debts instruments (continued)

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognized or impaired, and through amortised process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represents solely payments of principal and interest, are measurement at FVOCI. Financial assets at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit and loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arise.

The Company only has debt instruments at amortised cost.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 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 profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial liabilities (continued)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognise when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 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.

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.

2.13 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

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

(a) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8

The Company's right-of-use assets are presented within property, property, plant and equipment (Note 4).

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (continued)

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019 (continued):

Lease liabilities

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings (Note 9).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Operating lease payments are recognised as an expense in statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2.16 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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

2.17 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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 (CONTINUED)

Judgments made in applying accounting policies

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.

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.

Determination of lease term of contracts with extension options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Company reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset). The extension options for leases of building are not included as part of the lease term because the Company typically leases building for not more than two years and, hence, will not exercise the extension options.

As at 31 March 2020, potential future (undiscounted) cash outflows of approximately $33,983 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

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 judgement 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.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Based on the estimated ECLs, the Company has concluded that the default rate is minimal and the ECLs is insignificant.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or the cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building	Office equipment	Furniture and fittings	Renovation	Total
2020		$	$	$	$
Cost					
At beginning of financial year	-	16,196	7,003	64,685	87,884
Effect of adopting FRS116	44,142	-	-	-	44,142
At beginning of financial year (restated)	44,142	16,196	7,003	64,685	132,026
Additions during the financial year	-	326	-	-	326
At end of financial year	44,142	16,522	7,003	64,685	132,352
Accumulated depreciation					
At beginning of financial year	-	6,815	7,003	64,685	78,503
Depreciation for the financial year	31,159	3,161	-	-	34,320
At end of financial year	31,159	9,976	7,003	64,685	112,823
Net carrying amount					
At end of financial year	12,983	6,546	-	-	19,529

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment	Furniture and fittings	Renovation	Total
2019	$	$	$	$
Cost				
At beginning of financial year	2,863	7,003	64,685	74,551
Additions during the financial year	13,332	-	-	13,332
At end of financial year	16,195	7,003	64,685	87,883
Accumulated depreciation				
At beginning of financial year	926	7,003	64,685	72,614
Depreciation for the financial year	5,888	-	-	5,888
At end of financial year	6,814	7,003	64,685	78,502
Net carrying amount				
At end of financial year	9,381	-	-	9,381

5. INVENTORIES

	2020	2019
	$	$
Finished goods	109,421	77,902

Finished goods comprised of medical and pharmaceutical products. The cost of inventories recognised as an expense and included cost of sale amount to $235,928 (2019 $134,910).

6. CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	1,178	78,760
Cash on hand	56,704	1,178
	57,882	79,938

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

7. TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
Trade receivables	237,038	112,196
Deposits	12,620	11,520
GST receivables	575	-
Other receivables	66,668	55,006
Loan to related party	2,120,488	2,060,624
	2,437,389	2,239,346

Loan to related company
Loan to related company is non-trade in nature and is repayable any time within 5 years. The interest charge is at 5% per annum.

Other receivables
Other receivables consist of amount due from a director. These advance was made to the director to meet expenditure incurred or to be incurred by him for the purpose of enabling him to properly perform his duties as a director of the Company. These advances was approved at a general meeting of shareholders.

Trade receivables
Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

There are no trade receivables that are past due at the end of the reporting period. Trade receivables are all within its credit limit and management believes that no impairment allowance is necessary in respect of these balances as there had not been a significant change in credit quality and the balances were considered fully recoverable.

The carrying amounts of other receivables approximate their fair values and are denominated in the following currencies:

	2020	2019
	$	$
Singapore dollar	316,901	178,722
United States dollar	2,120,488	2,060,624
	2,437,389	2,239,346

8. TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payables - Holding company	170,953	61,092
Other payables	46,052	19,200
Interest payable	80,208	-
GST payable	15,400	3,183
	312,613	83,475

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

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

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

9. INTEREST BEARING LOANS

	2020	2019
	$	$
Current		
Lease liability	13,325	-
Loan from holding company	2,100,000	2,122,167
	2,113,325	2,122,167

Loan from holding company
Loan from holding company is unsecured and non-trade in nature and is repayable within 5 years. The interest rate charged on loan is 5% per annum.

The carrying amount of interest bearing loans approximate their fair values and are denominated in Singapore dollar.

10. SHARE CAPITAL

	2020	2020	2019	2019
Issued and fully paid ordinary shares:	No. of shares	$	No. of shares	$
At beginning of financial year	1,850,000	1,850,000	1,370,000	1,370,000
Shares issued during the financial year	250,000	250,000	480,000	480,000
At end of financial year	2,100,000	2,100,000	1,850,000	1,850,000

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.

11. OTHER INCOME

	2020	2019
	$	$
Government grant	2,255	313
Interest income	102,523	21,524
Others	-	2,107
	104,778	23,944

12. FINANCE COSTS

	2020	2019
	$	$
Interest expense to related company	106,750	22,167
Interest on lease liabilities (Note 16(c))	1,583	-
	108,333	22,167

13. STAFF COST

	2020	2019
	$	$
Director's salary	149,082	92,400
Staff salaries	104,915	116,169
CPF contributions	16,379	16,177
Director's accomodation	29,150	32,976
	299,526	257,722

14. LOSS BEFORE TAX

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

	2020	2019
	$	$
After charging:		
Conference and exhibition	27,902	10,866
Professional fee	23,100	11,100
Product registration charges	24,487	21,255

15. INCOME TAX EXPENSE

a) Income tax expense

	2020	2019
	$	$
Current year's income tax provision	-	-

b) Reconciliation of effective tax

	2020	2019
	$	$
Loss before tax	(252,642)	(322,416)
Income tax expense using the corporate tax rate of 17% (2019: 17%)	(42,949)	(54,810)
Non-deductible expenses	5,834	1,001
Unutilised tax losses	37,115	53,809
	-	-

16. LEASES

Company as a lessee

The Company has lease contracts for building. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

a) Carrying amounts of right-of-use assets classified within property, property, plant and equipment

	Leasehold building
	$
At 1 April 2019	44,142
Depreciation	31,159
At 31 March 2020	12,983

16. LEASES (CONTINUED)

b) Lease liabilities

The carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year are disclosed in Note 9 and the maturity analysis of lease liabilities is disclosed in Note 19.

c) Amounts recognised in profit or loss

	2020
	$
Depreciation of right-of-use assets	31,159
Interest expense on lease liabilities (Note 12)	1,583
Total amount recognised in profit or loss	32,742

d) Total cash outflow

The Company had total cash outflows for leases of $33,983 in 2020.

e) Extension options

The Company lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3).

17. 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:

a) Related Party

	2020	**2019**
	$	$
Professional fee paid to a company where a director has an interest	6,000	6,000
Interest income from related party	(102,523)	(21,524)
Interest expense to holding company	106,750	22,167
Purchases from holding company	267,445	136,158

17. RELATED PARTY DISCLOSURE (CONTINUED)

b) Remuneration of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors of the Company.

During the financial year, the following payments were made to the directors of the Company representing the total remuneration of key management personnel:

	2020	2019
	$	$
Directors' remuneration	149,082	92,400
Directors' accomodation	29,150	32,976

18. 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:

	2019
	$
Not later than one year	32,400
Later than one year but not later than five years	13,500
	45,900
Rental expense incurred during the year	32,100

19. 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:

	Assets at amortised cost	Liabilities at amortised cost	Total
	$	$	$
2020			
Assets			
Cash and cash equivalents	57,882	-	57,882
Trade and other receivables	2,437,389	-	2,437,389
	2,495,271	-	2,495,271
Liabilities			
Trade and other payables	-	312,613	312,613
Interest beating loan	-	2,113,325	2,113,325
	-	2,425,938	2,425,938
2019			
Assets			
Cash and cash equivalents	79,938	-	79,938
Trade and other receivables	2,239,346	-	2,239,346
	2,319,284	-	2,319,284
Liabilities			
Trade and other payables	-	80,292	80,292
Interest beating loan	-	2,122,167	2,122,167
	-	2,202,459	2,202,459

(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).

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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 is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company’s exposure to credit risk arises primarily from directors’ accounts and other receivables.

The Company as adopted procedures in monitoring collections and default of payments from its debtors. In addition, trade receivable balance are monitored on an ongoing basis with the result that the Company’s exposure to bad debts is not significant. Hence, the Company does not expect to incur material credit losses. Cash and cash equivalents are placed with reputable and regulated financial institutions. For other financial assets, the Company minimises credit risk by dealing mainly with high credit rating counterparties.

The Company has applied the simplified approach to providing for impairment for ECLs prescribed by FRS 109, which permits the use of the lifetime expected loss provision for impairment of trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporated forward looking information.

Given (i) there was no significant default in prior year, the management considered the default of financial asset is minimal; and (ii) no adverse change in the business environment is anticipated, management considered that the expected credit loss rate of the debtors is minimal for all ageing bands. As a result, the ECL is determined to be insignificant.

All of the current portion of the trade and other receivable balances are expected to be recovered within one year.

Exposure to credit risk

At the end of the reporting period, the Company’s maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment records with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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.

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.

	One year or less	Two to five years	Total
2020	$	$	$
Financial assets			
Cash and cash equivalents	57,882	-	57,882
Trade and other receivables	2,437,389	-	2,437,389
Total undiscounted financial assets	2,495,271	-	2,495,271
Financial liabilities			
Trade and other payables	312,613	-	312,613
Interest bearing loan	2,113,325	-	2,113,325
Total undiscounted financial liabilities	2,425,938	-	2,425,938
Total net undiscounted financial liabilities	69,333	-	69,333

19. 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 (continued)

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.

	One year or less	Two to five years	Total
2019	$	$	$
Financial assets			
Cash and cash equivalents	79,938	-	79,938
Trade and other receivables	2,239,346	-	2,239,346
Total undiscounted financial assets	2,319,284	-	2,319,284
Financial liabilities			
Trade and other payables	83,475	-	83,475
Interest bearing loans	2,122,167		2,122,167
Total undiscounted financial liabilities	2,205,642	-	2,205,642
Total net undiscounted financial liabilities	113,642	-	113,642

Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from loans, sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily USD.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Foreign currency risk (continued)

The Company's currency exposures to the EUR and USD at the reporting date were as follows:

	2020	2019
	USD	**USD**
	S$	S$
Financial assets		
Trade and other receivables	2,120,488	2,060,624
Currency exposures	2,120,488	2,060,624

A 10% strengthening of Singapore dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss (after tax)	
	2020	**2019**
	S$	S$
United States dollar	(176,001)	(171,032)

A 10% weakening of Singapore dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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.

20. 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.

21. 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.

	2020	**2019**
	$	$
Net debt	2,368,056	2,125,704
Total equity	198,283	200,925
Total capital	2,566,339	2,326,629
Gearing ratio	92%	92%

22. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 8 May 2020.

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

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020	2019
	$	$
Revenue	500,272	244,362
Less : Purchases		
Purchases	267,446	136,158
Opening inventory	77,902	76,654
Less: Closing inventory	(109,421)	(77,902)
	235,927	134,910
Gross profit	264,345	109,452
Other Income		
Government Grant	2,255	313
Interest income	102,523	21,524
Other Income		2,107
	104,778	23,944
	369,123	133,396
COSTS AND EXPENSES		
Staff Cost		
Staff salaries	104,720	116,169
Director's salary	149,082	92,400
CPF contribution	16,379	15,919
Skill Development Levy	195	258
Rent - others	29,150	32,976
	299,526	257,722
Depreciation expense		
Depreciation - Right use of asset	31,159	-
Depreciation - office equipment	3,161	5,888
	34,320	5,888
Finance cost		
Interest expense	108,333	22,167

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

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

	2020	2019
	$	$
Other Operating Expenses		
Audit fee	6,850	6,850
Bank charges	146	318
CDAC Expenses	37	45
Clearing expenses	8,624	6,324
Conference and Exhibition	27,902	10,866
Conveyance	18,448	19,830
Delivery charges	9,615	11,517
Electricity expenses - City Sq.	1,650	1,612
Electricity expenses - Ubi	1,613	1,893
Insurance charges	728	779
Legal charges	-	1,200
Office expenses	8,594	18,904
Office rent	-	32,100
Printing and stationary expenses	4,389	4,539
Product registration charges (HSA)	24,487	21,255
Professional fees	23,100	11,000
Repair and maintainance	1,036	156
RLD sample purchase	26,910	6,940
Staff commission	1,315	750
Staff welfare	2,361	3,497
Telephone expenses	7,574	8,572
Travelling expenses	4,206	1,088
	179,585	170,035
Loss representing total comprehensive loss for the financial year	(252,642)	(322,416)

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

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

SELECTED SCHEDULES TO BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020	2019
	$	$
Other Receivables		
Deposit - Office	12,620	5,450
Deposit - other	-	6,000
Deposit - SP Services	-	70
GST receivable	575	-
Sundry debtors	237,038	112,196
SIMON	-	-
Other receivables - director	66,668	55,006
Loan to related party	2,120,488	2,060,624
	2,437,389	**2,239,346**
Trade and other Payables		
Trade payables		
Trade payables - Holding company	157,427	61,092
Other payables		
Sundry creditors	86,884	(2,000)
Audit fees	6,850	5,800
	93,734	3,800
GST Payable	-	3,183
Amount due to director		
Director salary payable	15,400	15,400
Advance from director	46,052	-
	61,452	15,400
Total of Trade and other payables	**312,613**	**83,475**

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