Strides Pharma Global Pte. Limited
Registration Number: 201322626C

Annual Report
Year ended 31 March 2019

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS60 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Mohana Kumar Pillai	
Shashank Surendra Sinha	
Sandeep Rangnath Lavalekar	
Khoo Bee Hian	
Bharat Shah	(Appointed on 1 April 2019)

Directors' interests

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

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ultimate holding company				
Strides Pharma Science Limited				
Ordinary shares				
Mohana Kumar Pillai	130,850	130,850	175,000	175,000
Shashank Surendra Sinha	23,103	38,103	–	–

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ultimate holding company				
Strides Pharma Science Limited				
Stock options				
Shashank Surendra Sinha	80,000	75,000	–	–
Axis Dot Ventures Pte. Ltd.				
Ordinary shares				
Mohana Kumar Pillai	1	1	–	–

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Auditors

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

On behalf of the Board of Directors

Mohana Kumar Pillai
CEO & Managing Director

Sandeep Rangnath Lavalekar
Director

24 JUL 2019

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Independent auditors' report

Member of the Company
Strides Pharma Global Pte. Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Strides Pharma Global Pte. Limited ('the Company'), which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS60.

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 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information contained in the annual report. Other information comprises of the Directors' statement.

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

KPMG

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 July 2019

Statement of financial position
As at 31 March 2019

	Note	2019 US$	2018 US$
Non-current assets			
Plant and equipment	4	53,438,059	35,991,463
Investments in subsidiaries	5	152,106,787	168,784,910
Intangible assets	6	146,938,688	135,579,975
Trade and other receivables	7	18,963,486	7,911,030
Other investments at FVTPL	10	6,853,803	–
Cash and cash equivalents	8	250,000	250,000
		378,550,823	348,517,378
Current assets			
Cash and cash equivalents	8	22,478,100	8,462,533
Trade and other receivables	7	131,637,612	133,014,030
Inventories	9	8,616,053	430,518
Prepayments		1,148,380	797,575
Other investments at FVTPL	10	18,857,080	–
		182,737,225	142,704,656
Total assets		561,288,048	491,222,034
Equity			
Share capital	11	178,616,656	113,442,177
Hedging reserve	11	(4,472,323)	–
Monies pending allotment	12	33,900,000	55,575,177
Retained earnings		19,827,437	37,711,906
Total equity		227,871,770	206,729,260
Non-current liabilities			
Bank loans	13	243,492,814	233,074,390
Provisions		190,659	190,500
Derivative financial instruments	14	4,954,020	–
Deferred tax liabilities	15	990,968	1,329,064
		249,628,461	234,593,954
Current liabilities			
Bank loans	13	25,965,000	1,842,977
Current tax liability		6,916	–
Trade and other payables	16	57,815,901	48,055,843
		83,787,817	49,898,820
Total liabilities		333,416,278	284,492,774
Total equity and liabilities		561,288,048	491,222,034

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2019

	Note	2019 US$	2018 US$ *Re-presented
Revenue	17	102,302,108	89,384,294
Other (loss)/income	18	(744,393)	1,826,427
Cost of materials consumed		(69,800,220)	(54,211,948)
Employee benefits expenses	19	(506,423)	(426,773)
Selling and distribution expenses		(4,142,996)	(4,072,061)
Other operating expenses	20	(5,991,100)	(4,301,810)
Profit before depreciation and amortisation, net finance costs, exceptional items and tax		21,116,976	28,198,129
Depreciation and amortisation		(8,166,138)	(5,619,340)
Finance income		5,889,637	2,332,308
Finance costs		(19,639,768)	(11,698,758)
Net finance costs	21	(13,750,131)	(9,366,450)
(Loss)/Profit before exceptional items and tax		(799,293)	13,212,339
Exceptional items	22	(15,496,220)	(65,924)
(Loss)/Profit before tax		(16,295,513)	13,146,415
Tax expense	23	(143,601)	(1,420,890)
(Loss)/Profit after tax		(16,439,114)	11,725,525
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedge		(4,472,323)	–
Other comprehensive income, net of tax		(4,472,323)	–
(Loss)/Profit for the year, representing total comprehensive income for the year		(20,911,437)	11,725,525

* See Note 27. The Company has presented its statement of profit or loss by nature for the year ended 31 March 2019. The comparative information has been re-presented in the statement of profit or loss and other comprehensive income as well as the corresponding notes accordingly.

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

Statement of changes in equity
Year ended 31 March 2019

	Note	Share capital US$	Monies pending allotment US$	Retained earnings US$	Total US$
At 1 April 2017		113,442,177	95,202,940	25,986,381	234,631,498
Total comprehensive income for the year					
Profit for the year		–	–	11,725,525	11,725,525
Total comprehensive income for the year		–	–	11,725,525	11,725,525
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owners					
Refund of monies pending allotment	12	–	(47,327,763)	–	(47,327,763)
Monies pending allotment	12	–	7,700,000	–	7,700,000
Total contributions by and distributions to owners		–	(39,627,763)	–	(39,627,763)
At 31 March 2018		113,442,177	55,575,177	37,711,906	206,729,260

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

Statement of changes in equity
Year ended 31 March 2019

	Note	Share capital US$	Monies pending allotment US$	Retained earnings US$	Hedging reserve US$	Total US$
At 1 April 2018		113,442,177	55,575,177	37,711,906	–	206,729,260
Adjustment on initial application of FRS 115, net of tax		–	–	(1,445,355)	–	(1,445,355)
At 1 April 2018, as adjusted		113,442,177	55,575,177	36,266,551	–	205,283,905
Total comprehensive income for the year						
Profit for the year		–	–	(16,439,114)	–	(16,439,114)
Other comprehensive income						
Effective portion of change in fair value of cash flow hedge		–	–	–	(4,954,020)	(4,954,020)
Tax on other comprehensive income		–	–	–	481,697	481,697
Total comprehensive income for the year		–	–	(16,439,114)	(4,472,323)	(20,911,437)
Transactions with owner, recognised directly in equity						
Contributions by and distributions to owners						
Refund of monies pending allotment	12	–	(5,250,698)	–	–	(5,250,698)
Monies pending allotment	12	–	48,750,000	–	–	48,750,000
Redemption of preference shares		65,174,479	(65,174,479)	–	–	–
Total contributions by and distributions to owners		65,174,479	(21,675,177)	–	–	43,499,302
At 31 March 2019		178,616,656	33,900,000	19,827,437	(4,472,323)	227,871,770

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

Statement of cash flows
Year ended 31 March 2019

	2019 US$	2018 US$
Cash flows from operating activities		
(Loss)/Profit before tax	(16,295,513)	13,146,415
Adjustments for:		
Depreciation of plant and equipment	341,094	219,898
Amortisation of intangible assets	7,825,044	5,399,442
Impairment of investment in subsidiary	15,420,378	–
Impairment of intangible assets	1,428,500	–
Provision for doubtful debts	374,133	29,033
Write off of intangible assets	–	143,440
Interest expenses on loans from immediate holding company	–	2,588,179
Bank loan interest expenses	12,902,824	5,652,052
Guarantee commission	2,726,638	1,238,517
Amortisation of loan upfront fee	3,883,105	2,052,453
Interest income	(5,889,637)	(2,332,308)
Other finance charges	127,201	143,587
	22,843,767	28,280,708
Changes in:		
- Trade receivables	(3,284,218)	(25,330,136)
- Inventories	(8,185,535)	(430,518)
- Other receivables	3,900,003	27,438,087
- Trade payables	7,856,569	(2,200,271)
- Other payables	–	10,234,693
Cash generated from operations	23,130,586	37,992,563
Tax paid	–	(509,799)
Net cash generated from operating activities	23,130,586	37,482,764
Cash flows from investing activities		
Purchases of plant and equipment	(17,787,690)	(14,932,220)
Convertible notes issused by a related party	(352,433)	(3,080,728)
Loan to subsidiaries	(18,963,486)	(40,830,248)
Purchases of intangible assets	(20,612,257)	(11,944,976)
Amounts due from subsidiaries	–	(3,211,162)
Disposal of subsidiaries	5,066,155	–
Investments in subsidiaries	(3,808,410)	(3,038,800)
Investments in mutual funds	(18,857,080)	–
Receipt towards indemnity of investment in subsidiary	–	9,000,000
Interest received	5,889,637	231,589
Net cash used in investing activities	(69,425,564)	(67,806,545)

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

Statement of cash flows (cont'd)
Year ended 31 March 2019

	2019 US$	2018 US$
Cash flows from financing activities		
Placement of pledged bank deposits	(613,794)	(2,278,309)
Advances for share capital from shareholder	48,750,000	7,700,000
Refund of share application money	(5,250,698)	(47,327,763)
Proceeds on borrowings from bank	32,702,342	239,206,980
Repayment of bank loan	(2,045,000)	(82,884,140)
Repayment of other finance charges	(127,201)	(140,489)
Repayment of loans from immediate holding company	–	(74,965,991)
Payment of guarantee commission	(2,726,638)	(493,952)
Interest paid	(10,992,260)	(10,304,986)
Net cash generated from financing activities	59,696,751	28,511,350
Net increase/(decrease) in cash and cash equivalents	13,401,773	(1,812,429)
Cash and cash equivalents at beginning of financial year	4,400,761	6,213,190
Cash and cash equivalents at end of financial year	17,802,534	4,400,761

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 July 2019.

1 Domicile and activities

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

The principal activities of the Company consist of the develop, manufacture and sale of pharmaceutical and ancillary products.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

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

2 Basis of preparation

2.1 Statement of compliance

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

This is the first set of the Company's annual financial statements in which FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

- Note 4 – useful lives of plant and equipment
- Note 5 – measurement of impairment loss relating to investment in subsidiaries
- Note 6 – useful lives of intangible assets and measurement of impairment of intangible assets
- Note 26 – measurement of impairment loss relating to financial assets

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

Measurement of fair values

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

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

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

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

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

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

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

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

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

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

- Note 26 – financial instruments

2.5 Changes in accounting policies

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2018:

- FRS 115 *Revenue from Contracts with Customers*;
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial Instruments*;

Other than FRS 115 and FRS 109, the adoption of these FRSs, amendments to standards and interpretations did not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

A. FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. Under FRS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted FRS 115 using the cumulative effect method to contracts that are not completed contracts at the date of initial application (i.e. 1 April 2018), with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under FRS 18, FRS 11 and related interpretations, as applicable. Additionally, the disclosure requirements in FRS 115 have not generally been applied to comparative information.

The Company has also applied the practical expedient not to retrospectively restate contracts for contract modifications that occurred before the date of initial application. Instead, the Company has reflected the aggregate effect of all modifications that occurred before the date of initial application when:

- identifying the satisfied and unsatisfied performance obligations (PO);
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied PO.

The following tables summarise the impact, net of tax, of the transition to FRS 115 on the Company's retained earnings at 1 April 2018.

	Note	Impact of adopting FRS 115 at 1 April 2018 US$
Retained earnings		
Bill-and-hold arrangements		(1,445,355)
Related tax		–
Impact at 1 April 2018		(1,445,355)

The following tables summarise the impacts of adopting FRS 115 on the Company's profit or loss and statement of comprehensive income for the year ended 31 March 2019 for each of the line items affected. There was no material impact on the Company's statement of financial position and statement of cash flows for the year ended 31 March 2019.

Impact on statement of profit or loss and other comprehensive income
Year ended 31 March 2019

	Note	2019 US$	Adjustments US$	Amounts without adoption of FRS 115 US$
Revenue	17	102,302,108	(4,861,156)	97,440,952
Other loss	18	(744,393)	–	(744,393)
Cost of materials consumed		(69,800,220)	3,415,801	(66,384,419)
Employee benefits expenses	19	(506,423)	–	(506,423)
Selling and distribution expenses		(4,142,996)	–	(4,142,996)
Other operating expenses	20	(5,991,100)	–	(5,991,100)
Profit before depreciation and amortisation, net finance costs, exceptional items and tax		21,116,976	(1,445,355)	19,671,621
Depreciation and amortisation		(8,166,138)	–	(8,166,138)
Finance income		5,889,636	–	5,889,636
Finance costs		(19,639,767)	–	(19,639,767)
Net finance costs	21	(13,750,131)	–	(13,750,131)
Loss before exceptional items and tax		(799,293)	(1,445,355)	(2,244,648)
Exceptional items	22	(15,496,220)	–	(15,496,220)
Loss before tax		(16,295,513)	(1,445,355)	(17,740,868)
Tax expense	23	(143,601)	–	(143,601)
Profit after tax		(16,439,114)	(1,445,355)	(17,884,469)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedge		(4,472,323)	–	(4,472,323)
Other comprehensive income, net of tax		(4,472,323)	(1,445,355)	(5,917,678)
Loss for the year, representing total comprehensive income for the year		(20,911,437)	(1,445,355)	(22,356,792)

B. FRS 109 *Financial Instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit loss ("ECL") model and a new general hedge accounting model.

Additionally, the Company has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Company retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.

There is no impact on the adoption of the FRS 109 on the Company's opening retained earnings as of 1 April 2018.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale. Under FRS 109, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments, see (iii) below).

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under FRS 109, see Note 26.

The following tables and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Company's financial assets as at 1 April 2018.

The effect of adopting FRS 109 on the carrying amounts of financial asset at 1 April 2018 relates solely to the new impairment requirements.

	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 US$	New carrying amount under FRS 109 US$
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	134,595,239	134,595,239
			FVTPL	6,329,821	6,329,821
Cash and cash equivalents			Amortised cost	8,712,533	8,712,533
Total financial assets				149,637,593	149,637,593

a) There is no impact in the allowance for impairment on the opening earnings at 1 April 2018 on transition to FRS 109.

The following tables reconcile the carrying amounts of financial assets under FRS 39 to the carrying amounts under FRS 109 on transition to FRS 109 on 1 April 2018.

	FRS 39 carrying amount at 31 March 2018 US$	Reclassification US$	FRS 109 carrying amount at 1 April 2018 US$
Financial assets			
Amortised cost			
Cash and cash equivalents:			
Brought forward: *Loans and receivables*	8,712,533	(8,712,533)	–
Carried forward: *Amortised cost*	–	8,712,533	8,712,533
Trade and other receivables:			
Brought forward: *Loans and receivables*	140,925,060	(140,925,060)	–
Carried forward: *Amortised cost*	–	134,595,239	134,595,239
Other investments at FVTPL			
Carried forward: *FVTPL*	–	6,329,821	6,329,821
Total amortised cost	149,637,593	–	149,637,593

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of FRS 109's impairment requirements at 1 April 2018 does not result in an additional allowance for impairment.

(iii) Hedge accounting

The Company has elected to adopt the new general hedge accounting model in FRS 109. This requires the Company to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Company uses interest rate swap contracts to hedge the variability in cash flows arising from changes in interest rates relating to bank borrowings. The Company designates only the change in fair value of the spot element of the interest rate swap contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

Under FRS 39, the change in fair value of the forward element of the interest rate swap contracts ('forward points') was recognised immediately in profit or loss. However, under FRS 109 the forward points are separately accounted for as a cost of hedging; they are recognised in other comprehensive income (OCI) and accumulated in a cost of hedging reserve as a separate component within equity.

Hedge accounting was not applied before 1 April 2018.

For an explanation of how the Company applies hedge accounting under FRS 109, see Note 3.3.

3 Significant accounting policies

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

3.1 Subsidiaries

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

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

3.2 Foreign currency

Foreign currency transactions

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

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

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

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

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

Financial assets at amortised cost

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

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

Debt investments at FVOCI

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

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

Equity investments at FVOCI

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

Financial assets at FVTPL

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

Financial assets: Business model assessment – Policy applicable from 1 April 2018

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

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

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

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

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

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Non-derivative financial assets – Policy applicable before 1 April 2018

The Company classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on available-for-sale debt investments, were recognised in OCI and accumulated in the fair value reserve in equity. When these amounts were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

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

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedges

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

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

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

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

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

(vii) Share capital

Ordinary shares

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

Preference share capital

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

(viii) Intra-group financial guarantees in the separate financial statements

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

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

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

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

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 April 2018

The policy applied in the comparative information presented for 2018 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

3.4 Plant and equipment

Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

• Office equipment	3 - 5 years
• Computer	3 years
• Furniture and fixtures	10 years
• Motor Vehicles	8 years

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

3.5 Intangible assets and goodwill

Goodwill

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

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

Intangible assets

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

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

Intellectual property rights	:	5-20 years
Software Licenses	:	5-20 years

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

3.6 Inventories

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

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

3.7 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 April 2018

The Company recognises loss allowances for ECLs on:
- financial assets measured at amortised costs;
- debt investments measured at FVOCI;
- contract assets (as defined in FRS 115); and
- intra-group financial guarantee contracts (FGC).

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

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

Simplified approach

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

General approach

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

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

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

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

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

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

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

Write-off

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

Policy applicable before 1 April 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.

Loans and receivables

The Company considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognised previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(ii) Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

3.8 Employee benefits

Defined contribution plans

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

Employee leave entitlements

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

Short-term employee benefits

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

3.9 Provisions

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

3.10 Revenue

Policy applicable from 1 April 2018

Goods and services sold

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

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

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

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

Policy applicable before 1 April 2018

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading the goods onto the relevant carrier at the port.

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of value-added tax and discounts.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance income and finance costs

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

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

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

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

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

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

3.13 Tax

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

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

These new standards include, among others, FRS 116 Leases which is mandatory for adoption by the Company on 1 April 2019.

The Company has assessed the estimated impact that initial application of FRS 116 will have on the financial statements. The Company's assessment of FRS 116, which is expected to have a more significant impact on the Company, is as described below.

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including 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 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Company plans to apply FRS 116 initially on 1 April 2019 using the full retrospective approach. Therefore, the effect of adopting FRS 116 will be recognised as a restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

The Company as lessee

The Company expects to measure lease liabilities by applying a single discount rate to their portfolio of warehouse and factory facilities leases. The Company is likely to measure ROU assets at present value of future rental payments and estimated costs to dismantle the assets. For lease contracts that contain the option to renew, the Company is expected to use hindsight in determining the lease term.

The Company expects their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The Company's operating lease commitments as at 1 April 2019 on an undiscounted basis amounts to $51,899,891. Under FRS 116, the remaining lease payments of operating leases will be recognised at their present values discounted using an appropriate discount rate.

The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

4 Plant and equipment

	Office equipment US$	Computers US$	Assets under construction US$	Furniture and fixtures US$	Motor vehicles US$	Machinery US$	Leased building (Factory) US$	Total US$
Cost								
At 1 April 2017	241,685	16,537	15,179,155	29,481	239,770	–	–	15,706,628
Additions	806,363	110,693	19,560,240	13,735	–	63,506	–	20,554,537
At 31 March 2018	1,048,048	127,230	34,739,395	43,216	239,770	63,506	–	36,261,165
Transfers	2,993,242	172,589	(49,909,143)	943,057	–	37,895,734	7,904,521	–
Additions	–	–	17,788,534	–	–	–	–	17,788,534
Disposals	(513)	–	–	–	–	(597)	–	(1,110)
At 31 March 2019	4,040,777	299,819	2,618,786	986,273	239,770	37,958,643	7,904,521	54,048,589
Accumulated depreciation								
At 1 April 2017	36,662	2,250	–	2,236	8,868	–	–	50,016
Depreciation charge	156,759	28,827	–	3,239	29,971	890	–	219,686
At 31 March 2018	193,421	31,077	–	5,475	38,839	890	–	269,702
Depreciation charge	195,845	43,554	–	6,174	29,972	57,532	8,017	341,094
Disposal	(239)	–	–	–	–	(27)	–	(266)
At 31 March 2019	389,027	74,631	–	11,649	68,811	58,395	8,017	610,530
Carrying amounts								
At 1 April 2017	205,023	14,287	15,179,155	27,245	230,902	–	–	15,656,612
At 31 March 2018	854,627	96,153	34,739,395	37,741	200,931	62,616	–	35,991,463
At 31 March 2019	3,651,750	225,188	2,618,786	974,624	170,959	37,900,248	7,896,504	53,438,059

Assets under construction

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

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

The following expenses have been capitalised within assets under construction.

	2019 US$	2018 US$
Machinery	2,679,745	6,792,376
IT Equipment/Software	1,292,363	1,312,322
Direct labour costs	4,448,078	3,195,618
Rental charges	2,477,174	569,800
Related professional fees	483,003	1,186,778
Interest expense (Capitalisation rate: 5.86% (2018: 4.61%))	3,122,316	743,338
Others	3,285,855	5,760,008
	17,788,534	19,560,240

5 Investments in subsidiaries

	2019 US$	2018 US$
Unquoted equity shares, at cost	152,106,787	168,784,910

Unquoted equity shares, at cost

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

	2019 US$	2018 US$
At 1 April	168,784,910	165,753,807
Subscription of additional shares	3,808,410	3,031,103
Refund of share application money	(21,702)	–
Disposal of shares	(5,044,453)	–
Impairment losses	(15,420,378)	–
At 31 March	152,106,787	168,784,910

Impairment on investment in subsidiaries comprise impairment loss on investment in Strides Pharma (Cyprus) Limited of US$15,234,027 due to recoverable amounts exceeding cost of investment, Generic Partners UK Limited of US$186,278, and Generic Partners (South Africa) (Pty) Ltd. of US$73 due to changes in business plans during the year whereby Management intends to wind down these subsidiaries.

Impairment loss on investment in subsidiaries is recorded in exceptional items (see Note 21) in the statement of profit or loss and other comprehensive income.

Management has determined the recoverable amount of the Company's investment in Strides Pharma (Cyprus) Limited from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate and long-term growth rate. Management estimates discount rates using weighted average cost of capital adjusted for premiums and discounts, depending on the asset's specific risk compared to the risk of the overall enterprise. The long-term growth rate of 3% is estimated based on the expected overall economic growth, industry factors and inflation. This rate does not exceed the average long-term growth rate for the relevant markets.

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

The rate used to discount the forecast cash flows is 14.84%.

As at 31 March 2019, based on the key assumptions, Management has determined a recoverable amount that is US$15,234,027 higher than the cost of investment.

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

Name of subsidiaries	**Principal activity**	**Country of incorporation**	**Proportion of ownership interest and voting power held**	
			2019	**2018**
			%	**%**
Strides Pharma (Cyprus) Limited	Trading of pharmaceutical products	Cyprus	100	100
Strides Arcolab (Australia) Pty Limited	Investment holding	Australia	99.9999	100
Arrow Pharma Pte Limited	Investment holding	Singapore	–	100
Strides CIS Limited	Trading of pharmaceutical products	Cyprus	–	100
Generic Partners Holding Co. Pty. Ltd.	Investment holding	Australia	51	51
Generic Partners (International) Pte. Ltd.	Supply and distribution of pharmaceutical products	Singapore	51	51
Strides Shasun Latina, SA de CV,	Trading of pharmaceutical products	Mexico	80	80
Arrow Life Sciences (Malaysia) SDN. BHD.	Trading of pharmaceutical products	Malaysia	100	100
Strides Pharma Canada Inc.	Trading of pharmaceutical products	Canada	100	70
Strides Vivimed Pte Limited	Trading of pharmaceutical products	Singapore	100	50 #

Name of subsidiaries	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held 2019 %	2018 %
Strides Pharma Therapeuics Singapore Pte Ltd	Engage in R&D process and development of pharmaceutical products	Singapore	100	–
Generic Partners (South Africa) (Pty) Ltd	Trading of pharmaceutical products	South Africa	100	–
Generic Partners UK Limited	Licensing and supply of pharmaceutical products	United Kingdom	100	–

\# Considered as subsidiary as the Company has control to direct the relevant activities of such entity, unilaterally. Based on such assessment, the directors concluded that the Company has sufficient management rights to unilaterally direct the relevant activities of the entity.

6 Intangible assets

	Goodwill US$	Intellectual property rights US$	Intangible assets under development US$	Software licenses US$	Total US$
Cost					
At 1 April 2017	49,500,959	67,326,585	6,887,457	950	123,715,951
Additions	–	12,952,292	8,439,349	86,722	21,478,363
Written off	–	–	(143,440)	–	(143,440)
At 31 March 2018	49,500,959	80,278,877	15,183,366	87,672	145,050,874
Additions	–	13,037,554	4,742,963	83,492	17,864,009
Transfers	–	1,915,699	(1,915,699)	–	–
Write off	–	(470,509)	(1,197,112)	–	(1,667,621)
Transfer from Vivimed*	–	2,491,425	256,823	–	2,748,248
At 31 March 2019	49,500,959	97,253,046	17,070,341	171,164	163,995,510
Accumulated amortisation					
At 1 April 2017	–	4,071,131	–	114	4,071,245
Amortisation	–	5,391,563	–	8,091	5,399,654
At 31 March 2018	–	9,462,694	–	8,205	9,470,899
Amortisation	–	7,807,189	–	17,855	7,825,044
Write off	–	(239,121)	–	–	(239,121)
At 31 March 2019	–	17,030,762	–	26,060	17,056,822
Carrying amounts					
At 1 April 2017	49,500,959	63,255,454	6,887,457	836	119,644,706
At 31 March 2018	49,500,959	70,816,183	15,183,366	79,467	135,579,975
At 31 March 2019	49,500,959	80,222,284	17,070,341	145,104	146,938,688

* The Company acquired the business of its subsidiary, Strides Vivimed Pte Limited in March 2019. This included intellectual properties transferred to the Company.

Write off

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

Amortisation

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

On 20 May 2015, the Company entered into an agreement with third party to acquire Aspen Mauritius Business who owns intellectual property rights in six products. On 11 September 2015, the acquisition price was determined at AUD111,295,304 (equivalent to US$80,534,438) which includes the fair value of the six intellectual property rights amounting to AUD42,887,000 (equivalent to US$31,033,479). The remaining AUD68,408,304 (equivalent to US$49,500,959) was allocated to goodwill.

As at 31 March 2019, the Company is in the process of obtaining regulatory approval for the sale of the pharmaceutical products for which the intangible assets under development relates to. Accordingly, no amortisation expense has been charged in 2019 and 2018 as the intangible assets under development are not ready for their intended use.

Impairment test

The Company tests goodwill annually for impairment and whenever there is an indication the goodwill may be impaired.

The recoverable amount of CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate and long-term growth rate. Management estimates discount rates using weighted average cost of capital adjusted for premiums and discounts, depending on the asset's specific risk compared to the risk of the overall enterprise. The long-term growth rate of 2.5% (2018: 3%) is estimated based on the expected overall economic growth, industry factors and inflation. This rate does not exceed the average long-term growth rate for the relevant markets.

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

The rate used to discount the forecast cash flows is 14.80% (2018: 14.50%).

As at 31 March 2019, any reasonably possible change to the key assumptions applied is not likely to cause recoverable amounts to be below carrying amount of the CGU.

7 Trade and other receivables

	2019 US$	2018 US$
Non-current		
Convertible notes	–	6,329,821
Amount due from ultimate holding company (non-trade)	–	1,299,119
Advance payments to sub-contractors	–	282,090
Loans to subsidiaries	3,749,787	–
Loan to other related party	15,213,699	–
	18,963,486	7,911,030
Current		
Trade receivables	7,045,424	33,004,475
Amounts due from subsidiaries (non-trade)	1,252,237	4,612,224
Amounts due from other related parties (trade)	49,636,762	22,212,981
Amounts due from other related parties (non-trade)	4,933,913	963,481
Loans to subsidiaries	66,750,504	70,878,980
Other receivables	2,018,772	1,341,889
	131,637,612	133,014,030
	150,601,098	140,925,060

Convertible notes

On 10 August 2016, the Company entered into a convertible note facility agreement with Generic Partners (R&D) Pte Ltd ("GP R&D") for a total facility of AUD10,000,000 (equivalent to US$7,628,065). In 2019, GP R&D has further issued convertible notes amounting to AUD499,976 (equivalent to US$352,433) (2018: AUD4,010,000 (equivalent to US$3,080,728)).

The Company has the option but is not obliged to convert the notes into shares. The notes are convertible at 1 share at US$1 note. The conversion date is on 10 July 2025 or when the Company acquires 100% of its partially owned subsidiaries, whichever is earlier. If the conversion does not occur, GP R&D should repay the Company 10% of the face value of each note in respect of which conversion has not occurred each month commencing on the initial repayment date until such time as the face value has been repaid in full. The convertible note carries fixed interest at 10% per annum payable together with the principal. Interest amounting to US$643,201 (2018: US$373,723) was accrued during the year.

Due to the adoption of FRS 109 from 1 April 2018, convertible notes are now classified as FVTPL. Accordingly, the 2019 convertible notes are now presented as other investments at FVTPL in the statement of financial position and disclosed in Note 10.

Non-trade amounts due to ultimate holding company, subsidiaries and other related parties

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

Loans to subsidiaries

As at 31 March 2019, loans to subsidiaries comprise of a loan to Strides Arcolab (Australia) Pty Limited of US$66,750,504 (2018: US$70,878,980) and Strides Pharma (Cyprus) Limited of US$3,749,787 (2018: US$Nil).

The loan to Strides Arcolab (Australia) Pty Limited is unsecured, bears interest at Bank Bill Swap Bid Rate (BBSY) plus 500 basis points per annum with final maturity on 28 March 2023. The loan is expected to be recovered within the next 12 months.

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

Loan to other related party

As at 31 March 2019, loan to other related party comprise of a loan to Strides Arcolab International Ltd of US$15,213,699 (2018: US$Nil). It is unsecured, bears interest at 650 basis points per annum with final maturity on 11 January 2024. The loan is not expected to be recovered within the next 12 months.

8 Cash and cash equivalents

	2019 US$	2018 US$
Non-current		
Deposits pledged	250,000	250,000
Current		
Cash at bank	17,798,670	4,390,734
Deposits pledged	4,675,566	4,061,772
Cash on hand	3,864	10,027
	22,478,100	8,462,533
Cash and cash equivalents	22,728,100	8,712,533
Less: Pledged bank deposits	(4,925,566)	(4,311,772)
Cash and bank balances in the statement of cash flows	17,802,534	4,400,761

The Company's deposits pledged earn interest ranging from 1.3% to 1.8% (2018: 1% to 2%) per annum and for terms ranging from 1 year to 2 years.

The deposits pledged are for the bank loans (Note 13) undertaken by the Company.

9 Inventories

	2019 US$	2018 US$
Finished goods	6,918,509	145,012
Goods-in-transit	47,341	–
Others	1,650,203	285,506
	8,616,053	430,518

There were no inventories written off during the year ended 31 March 2019 and 31 March 2018.

10 Other investments at FVTPL

	2019 US$	2018 US$
Non-current		
Convertible notes (See Note 7)	6,853,803	–
Current		
Investment in mutual funds	18,857,080	–

Investment in mutual funds

Investment in mutual funds comprise of an investment made in Easterngate Soaring Dragon 2 SP on 29 March 2019. As at 31 March 2019, the investment is made up of notes amounting to US$18,857,080 that bears variable interest of 3 month LIBOR plus 365 basis points per annum with the schedule redemption date on March 2026. The issuer may, at any time, by giving written notice to the Company of not less than 30 business days prior to each quarter end of its intention to make a full or partial redemption at the start of the next quarter.

11 Share capital and other reserves

	2019		2018	
	Number of ordinary shares	US$	Number of ordinary shares	US$
Fully paid ordinary shares, with no par value:				
At 1 April and 31 March	500,000	394,500	500,000	394,500
Redeemable preference shares				
At 1 April	140,778	113,047,677	140,778	113,047,677
Issued during the year	88,155	65,174,479	–	–
At 31 March	228,933	178,222,156	140,778	113,047,677
		178,616,656		113,442,177

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

Fully paid ordinary shares, with no par value

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

Redeemable preference shares

In 2019, the Company has issued 88,155 Redeemable Preference Shares ("RPS") of S$1,000 each (approximately US$739 each) for a total of US$65,174,479 out of the monies pending allotment as at 31 March 2018.

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

(1) any such period as the preferential dividend or any part thereof remains in arrear and unpaid, such period starting from a date not more than 12 months, or such lesser period as the article may provide, after the due date of the dividend;

(2) upon any resolution which varies the rights attached to the RPS; or

(3) upon any resolution of winding up the Company.

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

Hedging reserve

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

Capital management

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

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

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

The Company is not subject to externally imposed capital requirements.

12 Monies pending allotment

In 2019, the Company has issued 88,155 Redeemable Preference Shares ("RPS") of S$1,000 each (approximately US$739 each) for a total of US$65,174,479 out of the monies pending allotment as at 31 March 2018.

In 2019, the Company received US$48,750,000 (2018: US$7,700,000) from immediate holding company towards share application money, further the Company refunded US$5,250,698 (2018: US$47,327,763) to immediate holding company out of the monies pending allotment as at 31 March 2018.

13 Bank loans

	2019 US$	2018 US$
Bank loans	284,665,000	254,007,658
Less: Upfront fee	(15,207,186)	(19,090,291)
	269,457,814	234,917,367
Less: Amount due for settlement within 12 months (shown under current liabilities)	(25,965,000)	(1,842,977)
Amount due for settlement after 12 months	243,492,814	233,074,390

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

	2019 US$	2018 US$
Beginning of financial year	234,917,367	76,542,074
Changes from financing cash flows		
- Proceeds on borrowings from bank	32,702,342	239,206,980
- Repayment of bank loans	(2,045,000)	(82,884,140)
Total changes from financing cash flows	30,657,342	156,322,840
Non-cash changes		
- Amortisation of loan upfront fee	3,883,105	2,052,453
Total non-cash changes	3,883,105	2,052,453
End of financial year	269,457,814	234,917,367

The Company obtained a term loan facility of US$142 Million during the year ended 31 March 2018. The loan bears a variable interest rate at 3 month LIBOR plus 318 basis points per annum. The Company has fully drawn down the US$142 Million term loan as on 31 March 2019. The loan is repayable in 32 quarterly structured instalments with first instalment due at the end of 3 months after the date of first disbursement, i.e. on 28 June 2018. The loan is secured with first *pari passu* charge on all current assets and fixed assets including intangibles of the Company, its holding company (Strides Pharma Asia Pte Limited) and its subsidiaries (Arrow Pharmaceuticals Pty Limited, Australia, Arrow Pharma Pty Limited, Australia, Strides Arcolab (Australia) Pty Limited, Australia). The loan is also secured with first pari passu charge on fixed assets including intangibles and second pari passu charge on current assets of the ultimate holding company (Strides Pharma Science Limited). Further, the loan is secured with pledge of shares of specified subsidiaries (i.e. Arrow Pharma Pty Limited; Arrow Pharmaceuticals Pty limited; Strides Pharma (Cyprus) Limited; Strides Arcolab (Australia) Pty Limited) and holding company (Strides Pharma Asia Pte. Ltd.).

The Company obtained a loan facility of US$45 Million (US$20 Million short term loan towards cash flow mismatch and US$25 Million term loan towards capital expenditure incurred in past and future) during the year ended 31 March 2018. The loan bears a variable interest rate at 6 month LIBOR plus 300 basis points per annum. The Company has fully drawn down both the US$20 Million short term loan and US$25 Million term loan as on 31 March 2019. The short term loan is repayable within 12 months while the term loan is repayable in 16 quarterly structured instalments starting 15 months after the date of first disbursement, i.e. on 14 February 2019. The loan is secured with first *pari passu* charge on all current assets and fixed assets including intangibles of the Company.

The Company obtained a term loan facility of US$100 Million during the year ended 31 March 2018. The loan bears a variable interest rate at 6 month LIBOR plus 230 basis points per annum. The Company has fully drawn down the US$100 Million term loan as on 31 March 2019. The loan is repayable in 12 half yearly structured instalments starting 30 months after the date of first disbursement, with first instalment due on 5 July 2020. The last instalment is due on 4 July 2026. The loan is secured with first pari passu charge on all current assets and fixed assets including intangibles of the Company and Strides Pharma Asia Pte. Ltd. (holding company). The is also secured with first pari passu charge on fixed assets including intangibles and second pari passu charge on current assets of the ultimate holding company.

The Company's bank loans are secured over certain bank deposits of the Company (Note 8) and guaranteed by the ultimate holding company and the immediate holding company.

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

14 Derivative financial instruments

	Assets US$	Liabilities US$
31 March 2019		
Non-current		
Cash flow hedge		
- Interest rate swaps	–	4,954,020
	–	4,954,020

As at 31 March 2019, outstanding derivative financial instruments comprise interest rate swaps to hedge floating interest rate borrowings with final repayment dates between November 2022 and March 2026.

15 Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Plant and equipment	–	–	373,955	15,967
Intangible assets other than goodwill	–	–	1,872,678	1,313,097
Tax losses	773,968	–	–	–
Derivative financial instruments	481,697	–	–	–
Deferred tax assets/liabilities	1,255,665	–	2,246,633	1,329,064
Set off of tax	(1,255,665)	–	(1,255,665)	–
Net deferred tax liabilities	–	–	990,968	1,329,064

Movements in temporary differences during the year are as follows:

	At 1 April 2017	Recognised in profit or loss	At 31 March 2018	Recognised in profit or loss (Note 23)	Recognised in other comprehensive income	At 31 March 2019
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Plant and equipment	–	15,967	(15,967)	(357,988)	–	(373,955)
Intangible assets other than goodwill	–	1,313,097	(1,313,097)	(559,581)	–	(1,872,678)
Tax losses	–	–	–	773,968	–	773,968
Derivative financial instruments	–	–	–	–	481,697	481,697
	–	1,329,064	(1,329,064)	(143,601)	481,697	(990,968)

16 Trade and other payables

	2019	**2018**
	US$	**US$**
Trade payables	733,085	193,286
Amount due to ultimate holding company (trade)	31,909,765	23,863,010
Amount due to ultimate holding company (non-trade)	9,913,409	11,147,209
Amount due to immediate holding company (non-trade)	3,243,016	1,035,808
Amount due to subsidiaries (non-trade)	3,083,609	–
Amount due to other related parties (trade)	1,092,016	–
Amount due to other related parties (non-trade)	1,416,724	5,789,469
Other payables	2,268,941	2,789,734
Accruals	3,812,565	2,989,671
Advances from customers	342,771	247,656
	57,815,901	48,055,843

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

17 Revenue

Due to the transition method chosen in applying FRS 115, comparative information has not been restated to reflect the new requirement.

	2019 US$	2018 US$
Sale of goods	102,302,108	89,384,294
Rendering of service	–	–
	102,302,108	89,384,294

Disaggregation of revenue from contracts with customers

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

	2019 US$	2018 US$
Primary geographical markets		
Africa	2,007,290	6,942
Australia	12,875,759	7,269,243
Asia	563,435	236,973
United States of America	83,723,033	80,994,418
Europe	3,132,591	876,718
	102,302,108	89,384,294

18 Other (loss)/income

	2019 US$	2018 US$
Intercompany foreign currency exchange (loss)/gain, net	(6,406,528)	88,296
Other foreign currency exchange loss, net	(321,425)	(58,281)
Support service income	325,531	196,513
Gain on sale of investment in subsidiary	104,058	–
Gain on sale of intellectual property to other related party	3,448,671	–
Other operational income	2,105,300	1,600,000
	(744,393)	1,826,427

19 Employee benefits expenses

	2019 US$	2018 US$
Staff costs	482,076	409,318
Contributions to defined contribution plans	24,347	17,455
	506,423	426,773

Employee benefits expenses excludes direct labour costs amounting to US$4,448,078 (2018: US$3,195,618) capitalised in assets under construction (see Note 4).

20 Other operating expenses

	2019 US$	2018 US$
Power, fuel and water	207,427	184,275
Rent	40,808	–
Rates and taxes	13,216	(4,267)
Communication charges	1,434	51,864
Repairs and Maintenance - others	11,795	31,023
Travel expenses	17,232	53,937
Insurance	115,446	10,461
Business Promotion	–	–
Sales commission	26,205	24,275
Legal and Professional	304,389	689,614
Support service fees	878,304	712,635
Royalty expenses	332,592	1,489,978
Provision for bad debts	374,133	29,033
Loss on sale of assets	871	–
Regulatory fees	1,735,009	795,981
R&D expenses	369,663	–
Write down of intellectual property rights	1,428,500	143,440
Others	134,076	89,562
	5,991,100	4,301,811

21 Net finance costs

	2019 US$	2018 US$
Finance income		
Interest income on loans to subsidiaries	4,945,943	1,918,039
Interest income on loans to related parties	856,900	373,723
Bank interest income	86,794	40,546
	5,889,637	2,332,308
Finance costs		
Interest expenses on bank loans	12,902,824	5,652,052
Interest expenses on loans from immediate holding company	–	2,588,180
Guarantee Commission	2,726,638	1,238,517
Amortisation of loan upfront fee	3,883,105	2,052,453
Bank charges	1,313	23,970
Others	125,888	143,586
	19,639,768	11,698,758

22 Exceptional items

Exceptional items comprise the impairment loss on investment in subsidiaries (see Note 5).

23 Tax expense

	2019 US$	2018 US$
Current tax expense		
Current year	–	6,916
Under provision in previous years	–	84,910
	–	91,826
Deferred tax expense		
Origination and reversal of temporary differences	143,601	1,329,064
	143,601	1,329,064
Total tax expense	143,601	1,420,890

Reconciliation of effective tax rate

	2019 US$	2018 US$
Profit before tax	(16,295,513)	13,146,415
Tax calculated using Singapore tax rate of 17% (2018: 17%)	(2,770,237)	2,234,891
Non-deductible expenses	3,800,839	955,288
Tax-exempt income	(190,122)	–
Corporate tax rebate	–	(1,729)
Effect of applying 5% tax rate under Development and Expansion Incentive Scheme	(848,489)	(1,577,570)
Recognition of tax effect of previously unrecognised tax losses	–	1,329,064
Current-year losses for which no deferred tax asset is recognised	254,833	–
Under provision in prior years	–	84,910
Others	(103,223)	(1,603,964)
	143,601	1,420,890

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

Subject to the agreement by the tax authorities, at the end of the reporting period, the Company has unutilised capital allowances of US$15,479,354 (2018: US$Nil).

24 Related parties transactions

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

Key management personnel compensation

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

Key management personnel compensation comprised:

	2019 US$	2018 US$
Short-term employment benefits	859,389	779,813
Post-employment benefits	12,792	13,210

Other related party transactions

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

	2019 US$	2018 US$
Ultimate holding company		
Support service fees	143,212	166,656
Royalty expense	332,592	1,489,978
Guarantee commission expense	2,726,638	1,238,517
Purchases of inventories	75,779,740	53,981,840
Purchases of plant & equipment	1,286,666	3,178,213
Purchases of intangible assets	10,545,206	19,827,765
Research and development expenses	48,000	–
Cross charge of legal fees	–	375,577
Cross charge of bio study fees	–	205,025
Cross charge of freight fees	60,064	129,824
Travel expenses	133,448	359,996
Immediate holding company		
Interest expense	–	2,588,179
Capitalised interest expense	–	250,200
Subsidiaries		
Sale of goods	12,977,238	7,196,144
Purchase of intangible assets	914,024	–
Support service income	201,519	121,651
Other related parties		
Sales of goods	63,328,626	32,568,612
Purchases of intangible assets	70,940	–
Support service fees	735,092	545,979
Support service income	124,012	74,862
Sale of investment in subsidiary	104,058	–

25 Commitments

Capital commitments

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

	2019 US$	2018 US$
Capital commitments in respect of plant and equipment	629,399	2,011,448

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

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 US$	2018 US$
Within one year	1,870,116	1,876,361
After one year but within five years	7,670,741	7,599,263
After five years	10,000,856	12,215,112
	19,541,713	21,690,736

Operating lease payments represent rentals payable by the Company for its office and factory premises.

For factory premise, lease is negotiated for a term of 25 years and rental is fixed for an average of 4 years.

26 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Credit risk

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

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

Trade and other receivables

Risk management policy

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

At the end of the reporting period, there were non-trade amounts due from the ultimate holding company, subsidiaries and other related parties amounting to US$Nil (2018: US$1,299,119), US$1,252,237 (2018: US$4,612,224) and US$4,933,913 (2018: US$963,481) as well as loans to subsidiaries and other related party amounting to US$70,500,291 (2018: US$70,878,980) and US$15,213,699 (2018: US$Nil) respectively. There were also convertible notes and other receivables of US$6,853,803 (2018: US$6,329,821) and US$2,018,772 (2018: US$1,341,889) respectively. The directors are of the opinion that these counterparties are not expected to have a significant risk of loss due to good credit records.

Impairment losses

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

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

	2019	
Receivables measured at lifetime ECL	**Credit impaired US$**	**Not credit impaired US$**
Trade receivables		
Not past due	–	34,870,770
Past due within 3 months	–	6,694,012
Past due 3 to 6 months	–	498,974
Past due over 6 months	–	15,021,596
	–	57,085,352
Loss allowance	–	(403,166)
	–	56,682,186

Comparative information under FRS 39

The ageing of trade receivables that were not impaired at the reporting date was:

	2018 US$
Neither past due nor impaired	21,378,856
Past due within 3 months	21,142,493
Past due 3 to 6 months	9,232,017
Past due over 6 months	3,464,088
Past due but not impaired	33,838,598

Included in the Company's trade receivable balance are debtors with a carrying amount of US$21,811,416 (2018: US$33,838,598) which are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

The carrying amount of the Company's top 5 customers consists of 64% of the total trade receivables balance as at 31 March 2019.

Expected credit loss assessment

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	Weighted average loss rate %	Gross carrying amount US$	Impairment loss allowance US$	Credit Impaired
Not past due	–	34,870,770	–	No
1 – 30 days	–	5,561,087	–	No
31 – 90 days	–	1,132,925	–	No
91 – 180 days	–	498,974	–	No
181 – 365 days	–	330,845	–	No
>365 days	2.74	14,690,751	403,166	No
		57,085,352	403,166	

Loss rates are based on actual credit loss experience over prior years adjusted for current conditions and the Company's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss. As of 2019, no scalar factors has been applied.

Movements in allowance for impairment in respect of trade receivables

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

	Lifetime ECL US$
At 1 April 2018 per FRS 39	–
Adjustment on initial application of FRS 109	–
At 1 April 2018 per FRS 109	–
Impairment loss recognised	403,166
At 31 March 2019 per FRS 109	403,166

There were no significant changes in the gross carrying amounts of trade receivables contributing to the changes in the impairment loss allowance during 2019.

Cash and cash equivalents

The Company held cash and cash equivalents of US$22,728,100 at 31 March 2019 (2018: US$8,712,533) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are regulated.

Liquidity risk

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

All financial assets and liabilities are repayable on demand or due within one year from the end of the reporting period, except for a loan due from a subsidiary amounting to US$3,749,787 (2018: US$Nil), a pledged bank deposit amounting to US$250,000 (2018: US$250,000), and bank loans amounting to US$243,492,814 (2018: US$233,074,390) as disclosed in Notes 7, 8 and 13 respectively.

The Company has contractual commitments with contracts to purchase plant and equipment (Note 25).

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

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

	Carrying amount US$	Contractual cash flows US$	Within 1 year US$	2 -5 years US$	After 5 year US$
2019					
Non-derivative financial liabilities					
Bank loans and trade and other payables *	326,930,944	(342,138,130)	(83,438,130)	(167,580,000)	(91,120,000)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	4,954,020	(4,954,020)	(81,722)	(3,116,744)	(1,755,554)
2018					
Non-derivative financial liabilities					
Bank loans and trade and other payables *	282,725,554	(301,815,845)	(49,651,164)	(119,643,946)	(132,520,735)

* *Excludes advances from customers*

Market risk

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

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

Currency risk

Risk management policy

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

Exposure to currency risk

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

	2019			2018		
	Assets US$	**Liabilities US$**	**Net US$**	**Assets US$**	**Liabilities US$**	**Net US$**
Australia dollar	83,437,068	(3,924,177)	79,512,891	37,726,332	(2,796,520)	34,929,812
Euro	651,526	(132,205)	519,321	951,790	(391,717)	560,073
Singapore dollar	479,919	(2,688,290)	(2,208,371)	973,297	(2,525,824)	(1,552,527)
Canadian dollar	693,531	(1,380,593)	(687,062)	208,696	(310,121)	(101,425)
Sterling pound	–	(89,613)	(89,613)	–	–	–
Malaysian ringgit	12,939	–	12,939	–	–	–
Vietnam dong	191	–	191	–	–	–

Sensitivity analysis

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

	Profit/(loss)	
	2019 US$	**2018 US$**
Australia dollar	(795,129)	(349,298)
Euro	(5,193)	(5,601)
Singapore dollar	22,084	15,525
Canadian dollar	6,871	1,014
Sterling pound	896	–
Malaysian ringgit	(129)	–
Vietnam dong	(2)	–
	(770,602)	(338,360)

Interest rate risk

Risk management policy

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

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

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

Exposure to interest rate risk

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

	Nominal amount	
	2019	**2018**
	US$	**US$**
Fixed rate instruments		
Financial assets	29,442,115	14,722,459
Financial liabilities	(99,059,246)	–
	(69,617,131)	14,722,459
Variable rate instruments		
Financial assets	59,561,616	52,901,358
Financial liabilities	(185,605,754)	(254,007,658)
	(126,044,138)	(201,106,300)

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	50 bp increase US$	**50 bp decrease US$**
31 March 2019		
Variable rate instruments	(630,221)	630,221
31 March 2018		
Variable rate instruments	(1,005,532)	1,005,532

Hedge accounting

Cash flow hedges

At 31 March 2019, the Company held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity		
	Less than one year	**1 to 5 years**	**More than five years**
Interest rate risk			
Interest rate swaps			
Net exposure (in US$)	3,613,219	96,224,409	49,221,618
Average fixed interest rate (in %)	6.29	6.29	6.29

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

	Change in value used for calculating hedge ineffectiveness US$	**Cash flow hedge reserve US$**
31 March 2019		
Interest rate risk		
Variable rate instruments	(4,954,020)	(4,472,323)

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

	2019				During the period - 2019				
	Nominal amount US$	**Carrying amount – assets US$**	**Carrying amount – liabilities US$**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in OCI US$**	**Hedge ineffectiveness recognised in profit or loss US$**	**Line item in profit or loss that includes hedge ineffectiveness**	**Amount reclassified from hedging reserve to profit or loss US$**	**Line item in profit or loss affected by the reclassification**
Interest rate risk									
Interest rate swaps	149,059,246	–	4,954,020	Derivative financial instruments	(4,472,323)	–	Not applicable	–	Not applicable

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

	Hedging reserve US$
Balance at 1 April 2018	–
Cash flow hedges	
Change in fair value:	
Interest rate risk	(4,954,020)
Amount reclassified to profit or loss:	
Interest rate risk	–
Tax on movements on reserves during the year	481,697
Balance at 31 March 2019	(4,472,323)

Classifications and fair values of financial instruments

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

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

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

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

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

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

27 Comparative information

The statement of profit or loss and other comprehensive income for the period ended 31 March 2019 has been presented by nature. The table below presents the comparative information for 31 March 2018 by function which was the presentation format for the annual report for the year ended 31 March 2018.

Statement of profit or loss and other comprehensive income
Year ended 31 March 2018

	2018
	US$
Revenue	89,384,294
Cost of sales	(54,211,948)
Gross profit	35,172,346
Other operating income	1,796,512
Selling and distribution expenses	(4,072,060)
Administrative expenses	(10,413,848)
Other income	29,915
Finance income	2,332,308
Finance costs	(11,698,758)
Net finance costs	(9,366,450)
Profit before tax	13,146,415
Tax expense	(1,420,890)
Profit for the year, representing total comprehensive income for the year	11,725,525

The table below shows the differences in the mapping between the statement of profit or loss and other comprehensive income for the year ended 31 March 2018 by function and by nature.

Mapping by function in 31 March 2018 annual report		Mapping by nature in 31 March 2019 annual report	
Revenue	89,384,294	Revenue	89,384,294
Cost of sales	(54,211,948)	Cost of materials consumed	(54,211,948)
Selling and distribution expenses	(4,072,060)	Selling and distribution expenses	(4,072,060)
Finance income	2,332,308	Finance income	2,332,308
Finance costs	(11,698,758)	Finance costs	(11,698,758)
Tax expense	(1,420,890)	Tax expense	(1,420,890)
Other operating income	1,796,512		
Other income	29,915		
	1,826,427	Other (loss)/income	1,826,427
		Employee benefits expense	(426,773)
		Other operating expenses	(4,301,811)
		Depreciation and amortisation	(5,619,340)
		Exceptional items	(65,924)
Administrative expenses	(10,413,848)		(10,413,848)

28 Subsequent events

During the year ended 31 March 2019, the Company was in negotiations for the sale of their Australian business. As at 31 March 2019, the completion of the sale was subject to approval of the merger from the Australian Government Foreign Investment Review Board. Accordingly, the Company has not classified these related assets as held-for-sale in the financial statements for the year ended 31 March 2019. Final approval was obtained on 24 June 2019.

At the end of June 2019, the Company finalised the sale for a consideration of AUD394 million after obtaining the final approval. Cash receipt of AUD300 million was received in July 2019 with the remaining AUD94 million to be settled as deferred consideration backed by a secured interest-bearing instrument. The cash receipt was used to partially settle the Company's outstanding bank loans.

The following transactions also took place in June 2019 as a result of the confirmation of the sale of the Australian business:

- the acquisition of the remaining 49% holding in Generic Partners (International) Pte. Ltd for AUD100;
- the acquisition of the remaining 81% holding in Generic Partners (R&D) Pte. Ltd for AUD1 plus the reclassification of convertible notes held by the Company to long term loan; and
- the acquisition of the remaining 0.0001% holding in Strides Arcolab (Australia) Pty Limited for AUD3,000,000, which was subsequently sold off as part of the sale transaction.

The related assets pertaining to the sale comprises:

- the investment in Strides Arcolab (Australia) Pty Limited of US$84,784,091, not including the additional AUD3,000,000 acquired above;
- the investment in Generic Partners Holding Co. Pty. Ltd. of US$10,936,301;
- the loan to Strides Arcolab (Australia) Pty Limited of US$66,750,504;
- the convertible notes issued by Generic Partners (R&D) Pte. Ltd of US$6,853,803; and
- the intangible tangible assets pertaining to goodwill and intellectual property rights of US$49,500,959 and US$55,478,876 respectively.

Management has assessed that there is no impairment of these assets as the sales price exceeds the aggregate carrying amounts.