

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

**REPORTS AND FINANCIAL  
STATEMENTS: 31 MARCH 2020**

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

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

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

Your Directors have pleasure in presenting their annual report and the audited financial statements of the Company for the financial year ended 31 March 2020.

**PRINCIPAL ACTIVITY**

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

However, the Company has ceased its operations and continued to remain dormant to the date of this report.

**RESULTS**

	<b>2020</b>
	<b>RM</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	
<b>AFTER TAXATION</b>	<u><u>320,964</u></u>

**DIVIDENDS**

No dividends have been paid or declared since the end of the financial year. The Directors do not recommend that a dividend be paid in respect of the current financial year.

**RESERVES AND PROVISIONS**

All material transfers to or from reserves or provisions during the financial year have been properly disclosed in the financial statements.

**SHARES AND DEBENTURES**

The Company did not issue any new shares or debentures during the financial year.

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to subscribe for unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

## VALUATION OF ASSETS AND LIABILITIES

Reasonable steps were taken to ascertain whether any current assets, were unlikely to realize in the ordinary course of business, their values as shown in the accounting records of the Company and a write down in the values of these current assets is not considered necessary.

At the date of this report, no circumstances have arisen which would render the values attributed to the current assets or the adherence to the existing method of valuation of the assets or the liabilities of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, the assets of the Company have not been charged to secure the liabilities of any third parties and no contingent liabilities were undertaken during the financial year or have arisen since the end of the financial year.

No contingent or other liabilities have become enforceable or are likely to become enforceable within the succeeding period of twelve months which will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

## ITEMS OF AN UNUSUAL NATURE

At the date of this report, no circumstances have arisen which would render any amount stated in the financial statements misleading or substantially affect the results of the Company for the succeeding financial year.

In the opinion of the Directors:-

- a) the results of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature : and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Company for the current financial year in which this report is made.

## DIRECTORS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire any benefit by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Directors in office at the date of this report in the Company during the financial year were as follows:

Joe Thomas (*resigned w.e.f. 8<sup>th</sup> November 2019*)  
Nor Asfaraha Binti Ahmad  
Krishnan Tiruchera Parthasarathy

## DIRECTORS' REMUNERATION

None of the directors or past directors of the Company have received any remuneration from the Company during the financial year.

None of the business directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.

## INDEMNIFYING DIRECTORS, OFFICER OR AUDITORS

Indemnities and insurance premium have been paid by the parent entity for the directors and officers of the Company during the financial year.

## HOLDING COMPANY

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

**AUDITORS' REMUNERATION**

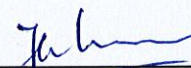
Total amount receivable by the auditors as remuneration for their services as auditors are as follows:

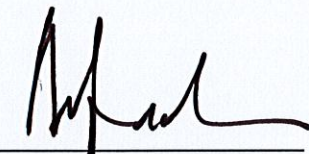
	<b>2020 RM</b>
Statutory Audit	<u>1,500</u>

**AUDITORS**

The auditors, **MUSTAPHARAJ PLT** have given consent to accept nomination for reappointment as auditors of the Company for the ensuing financial year in accordance with Section 267 (3) of the Companies Act, 2016.

Signed in accordance with a resolution  
of the Board of Directors on behalf of the Board

  
\_\_\_\_\_  
**KRISHNAN TIRUCHERAI  
PARTHASARATHY**

  
\_\_\_\_\_  
**NOR ASFARAHA BINTI  
AHMAD**

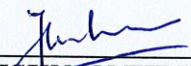
Dated : **21 SEP 2020**

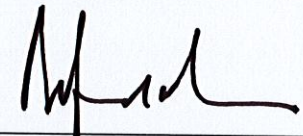
**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, **KRISHNAN TIRUCHERAI PARTHASARATHY** and **NOR ASFARAHA BINTI AHMAD**, being the Directors of **STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**, hereby state that, in the opinion of the Board the Directors, the financial statements set out on pages 13 to 24 are properly drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2020 and of the results, changes in equity and of the cash flows for the financial year ended on that date in accordance with the provisions of the Companies Act, 2016 and Malaysian Private Entities Reporting Standard issued by the Malaysian Accounting Standards Board.

Signed in accordance with a resolution of the Board of Directors dated **21 SEP 2020**

  
\_\_\_\_\_  
**KRISHNAN TIRUCHERAI**  
**PARTHASARATHY**

  
\_\_\_\_\_  
**NOR ASFARAHA BINTI**  
**AHMAD**

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016**

I, **KRISHNAN TIRUCHERAI PARTHASARATHY**, being the Director primarily responsible for the financial management of **STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**, do solemnly and sincerely declare that the Statement of Financial Position and Statement of Profit or Loss together with the Notes, Statement of Changes in Equity and Statement of Cash Flows, set out on pages 13 to 24, are to the best of my knowledge and belief correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the

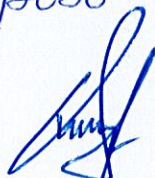
Subscribed and solemnly declared by the

abovenamed at **Singapore**

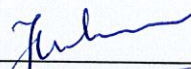
in the

Dated : **21/09/2020**

BEFORE ME:





  
\_\_\_\_\_  
**KRISHNAN TIRUCHERAI**  
**PARTHASARATHY**

**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**  
**(Registration No 201001031496 (915419-W))**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**

***Report on the Financial Statements***

***Opinion***

We have audited the financial statements of **STELIS BIOPHARMA (MALAYSIA) SDN. BHD.** which comprise of the statement of financial position as at 31 March 2020 and the statement of profit or loss, statement of changes in equity and the statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies as set out on pages 13 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 March 2020 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

***Basis for Opinion***

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**  
**(Registration No 201001031496 (915419-W))**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STELIS BIOPHARMA (MALAYSIA) SDN. BHD. (CONT'D)**

***Independence and Other Ethical Responsibilities***

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standard Board of Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

***Information Other than the Financial Statements and Auditor's Report Thereon***

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company 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 the Directors' Report, we are required to report the fact. We have nothing to report in this regard.

**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**  
**(Registration No. 201001031496 (915419-W))**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**

***Responsibilities of the Directors for the Financial Statements***

The Directors are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparation of the financial statements of the Company, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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.

**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**  
**(Registration No. 201001031496 (915419-W))**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**

***Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)***

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**  
**(Registration No. 201001031496 (915419-W))**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**

***Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)***

- Conclude on the appropriateness of the Directors' 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 of the Company 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 contents of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

***Report on Other Legal and Regulatory Requirements***

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**  
**(Incorporated in Malaysia)**  
**(Registration No. 201001031496 (915419-W))**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STELIS BIOPHARMA (MALAYSIA) SDN. BHD.**

***Other Matters***

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.



**MUSTAPHARAJ PLT**  
**(Firm No : AF 001361)**  
**Chartered Accountants**  
**(Malaysia)**



**RALPH RAVIN RATNASWAMY**  
**Approval No:**  
**Bil.3214/10/21 (J)**

Dated : **21 SEP 2020**

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

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

		<b>2020</b>	<b>2019</b>
		<b>RM</b>	<b>RM</b>
<b>CURRENT ASSETS</b>			
Amount due from Holding Company	5	5,361,628	5,026,170
Cash and Cash Equivalents	6	12,209	19,760
		<u>5,373,837</u>	<u>5,045,930</u>
<b>EQUITY</b>			
Share Capital		13,282,094	13,282,094
Retained Earnings		<u>(7,919,200)</u>	<u>(8,240,164)</u>
		<u>5,362,894</u>	<u>5,041,930</u>
<b>CURRENT LIABILITIES</b>			
Payables and Accruals	7	<u>10,943</u>	<u>4,000</u>
<b>TOTAL EQUITY AND LIABILITY</b>		<u><u>5,373,837</u></u>	<u><u>5,045,930</u></u>

The notes set out on pages 17 to 24, form an integral part of an should be read in conjunction with these financial statements.

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

**STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

		<b>2020</b> <b>RM</b>	<b>2019</b> <b>RM</b>
<b>GROSS OPERATING REVENUE</b>		-	-
<b>OTHER INCOME</b>	8	335,639	269,052
<b>ADMINISTRATIVE EXPENSES</b>		(14,675)	(20,848)
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE TAXATION</b>		<u>320,964</u>	<u>248,204</u>
<b>TAXATION</b>		-	(16)
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><u>320,964</u></u>	<u><u>248,188</u></u>

The notes set out on pages 17 to 24 form an integral part of and should be read in conjunction with these financial statements.

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

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

	<b>SHARE CAPITAL RM</b>	<b>RETAINED EARNINGS RM</b>	<b>TOTAL RM</b>
<b>2020</b>			
At 01 April 2019	13,282,094	(8,240,164)	5,041,930
Profit for the Financial Year after Taxation	-	320,964	320,964
At 31 March 2020	<u>13,282,094</u>	<u>(7,919,200)</u>	<u>5,362,894</u>
<b>2019</b>			
At 01 April 2018	13,282,094	(8,488,352)	4,793,742
Profit for the Financial Year after Taxation	-	248,188	248,188
At 31 March 2019	<u>13,282,094</u>	<u>(8,240,164)</u>	<u>5,041,930</u>

The notes set out on pages 17 to 24, form an integral part of and should be read in conjunction with these financial statements.

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

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

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) for the Financial Year before Taxation and Working Capital Changes	320,964	248,204
Changes in Working Capital :		
Payables and Accruals	6,943	(33,632)
	<u>327,907</u>	<u>214,572</u>
Tax Paid	-	(16)
	<u>327,907</u>	<u>214,556</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount due from Holding Company	<u>(335,458)</u>	<u>(266,727)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,551)</b>	<b>(52,171)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>19,760</u>	<u>71,931</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u><u>12,209</u></u>	<u><u>19,760</u></u>

The notes set out on pages 17 to 24, form an integral part of and should be read in conjunction with these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS: 31 MARCH 2020**

**1. PRINCIPAL ACTIVITY**

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

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

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

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

The number of employees of the Company as at 31 March 2020 is Nil (2019: Nil).

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

**2. BASIS OF PREPARATION**

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

The Corona Virus (Covid-19) pandemic that started in January 2020 in Malaysia has resulted in significant uncertainties affecting the Company's ability to continue as a going concern. The Company has taken preventive measures and adopted prudent strategies to minimize the financial impacts of this crisis. The financial statements of the Company have been prepared on the going concern basis. This is because the Company has adequate cash and other resources, and has access to external funding from banks to enable the Company to continue to operate as a going concern.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Cash and Cash Equivalents**

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

#### **3.2 Liabilities and Provisions**

Trade, other payables and accruals are stated at cost.

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

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

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

#### **3.3 Impairment of Non Financial Assets**

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.3 Impairment of Non Financial Assets (cont'd)**

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

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

#### **3.4 Currency Conversion and Translation**

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

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

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

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

#### **3.5 Income Tax**

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Income Tax (cont'd)

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

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

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

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

Current or deferred tax assets and liabilities are not discounted.

#### 3.6 Financial Instruments

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

##### (a) Initial recognition and measurement

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Financial Instruments (cont'd)

##### (b) Subsequent measurement

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

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

Investments in non-convertible preference shares and non-puttable ordinary or preference shares, that are publicly traded or their fair value with changes in fair value recognised in statement of profit or loss. All other such investments are measured at cost less impairment.

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

##### (c) Impairment

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Financial Instruments (cont'd)

##### (d) Derecognition

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

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

### 4. JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Measurement of provision*

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

### 5. AMOUNT DUE FROM HOLDING COMPANY

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

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

**6. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Cash at Bank – MYR	10,212	17,921
Cash at Bank – USD	1,997	1,839
	<u>12,209</u>	<u>19,760</u>

**7. PAYABLES AND ACCRUALS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Accruals	4,000	4,000
Other Payables	6,943	-
	<u>10,943</u>	<u>4,000</u>

**8. OTHER INCOME**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Bank Interest	35	177
Unrealised Gain on Foreign Exchange	335,604	268,875
	<u>335,639</u>	<u>269,052</u>

**9. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Current Year	-	-
Under Provision in Prior Year	-	16
<b>Tax Expense</b>	<u>-</u>	<u>16</u>

**9. TAXATION (CONT'D)**

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

	2020 RM	2019 RM
<b>Profit for the Financial Year Before Taxation</b>	<u>320,964</u>	<u>248,204</u>
Tax calculated at Malaysian tax rate of 17% (2019 : 18%)	54,564	44,677
Income not taxable for tax purposes	(54,564)	(44,677)
Expenses not deductible for tax purposes	-	-
Under Provision in Prior Year	<u>-</u>	<u>16</u>
<b>Tax Expense</b>	<u>-</u>	<u>16</u>

**10. SUBSEQUENT EVENTS DURING THE REPORTING PERIOD**

The global Covid-19 Pandemic unfolded in Malaysia in January 2020 after the end and thereafter during of the reporting period. The government implemented lockdowns and other movement control orders to minimize the spread of this corona virus. This has resulted in severe restrictions of the Company's operations and activities that might lead to losses of revenue and impairment of assets. However, the Company considers this pandemic to be a non-adjusting event after the end of the reporting period. The depth of the crisis and how long it will last is still unclear at the reporting date. As there are significant uncertainties, it is not possible to disclose the financial effects of this crisis on the Company's assets, liabilities and performance.

**11. FINANCIAL INSTRUMENTS**

	2020 RM	2019 RM
Financial Assets at amortised cost	5,373,837	5,045,930
Financial Liabilities at amortised cost	<u>10,943</u>	<u>4,000</u>

**12. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

The financial statements of the Company were authorized for issue by the Board of Directors on **21 SEP 2020**

**FOR MANAGEMENT  
PURPOSES ONLY**

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

**DETAILED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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

<p><b>FOR MANAGEMENT PURPOSES ONLY</b></p>
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**DETAILED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	2020 RM	2019 RM
<b>GROSS INCOME</b>	-	-
<b>OTHER INCOME</b>		
Bank Interest	35	177
Unrealised Gain on Foreign Exchange	335,604	268,875
	<u>335,639</u>	<u>269,052</u>
<b>LESS : ADMINISTRATIVE EXPENSES</b>		
Audit Fees	1,500	1,500
Bank Charges	98	106
Legal and Professional Fees	12,741	18,567
Miscellaneous Expenses	-	2
Postage, Printing and Stationery	210	673
Service Tax	102	-
	<u>14,651</u>	<u>20,848</u>
<b>LESS : OTHER OPERATING EXPENSES</b>		
Realised Loss on Foreign Exchange	<u>22</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<u><u>320,964</u></u>	<u><u>248,204</u></u>