Directors' report

for the year ended 31 March 2017

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2017.

Principal activities

The Company is engaged in the manufacture of various insulin products and in research and development activities of biopharmaceutical products. The Company has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation at the Southern Industrial and Logistics Clusters ("SiLC"), Johor, Malaysia. There were no significant change to the nature of business activities during the current financial year.

Holding companies

During the financial year and until the date of this report, the holding and the ultimate holding companies are Biocon Biologics Limited., a company incorporated in the United Kingdom and Biocon Limited., a company incorporated in India, respectively.

Results

	RM
Profit for the year	322,985

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 10 to the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Kiran Mazumdar Shaw
Dr. Arun Suresh Chandavarkar
John McCallum Marshall Shaw
Pang Seng Wee
Teo Jua Chi

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Director	Interest	Number of ordinary			
		At 1 April 2016	Bought	Sold	At 31 March 2017
Ultimate holding company					
- Biocon Limited.					
Kiran Mazumdar Shaw	Direct	79,287,564	-	-	79,287,564
Dr. Arun Suresh Chandavarkar	Direct	2,200,000	-	-	2,200,000
John McCallum Marshall Shaw	Direct	1,407,558	-	-	1,407,558
	Indirect	39,535,194	-	-	39,535,194
Related companies					
- Syngene International Limited					
Kiran Mazumdar Shaw	Indirect	145,217,843	-	-	145,217,843

By virtue of her interest in the shares of the ultimate holding company, Kiran Mazumdar Shaw is also deemed interested in the shares of all the wholly-owned subsidiaries of the ultimate holding company.

None of the other Directors holding office at 31 March 2017 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) 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, except for professional fee paid to a company in which certain Directors are members.

There were no arrangements during and at the end of the financial year which had the object of enabling 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.

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

There were no indemnity given to or insurance effected for any Director, officer or auditor of the Company during the financial year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 March 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 13 to the financial statements.

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

Kiran Mazumdar Shaw
Director

John McCallum Marshall Shaw
Director

Date: 27 April 2017

Statement of Financial Position as at March 31, 2017

	Note	31.3.2017 RM	31.3.2016 RM restated	1.4.2015 RM restated
Assets				
Property, plant and equipment	3	1,249,843,083	1,058,885,393	925,029,730
Intangible assets	4	111,128,439	-	-
Prepayments and other assets	5	24,942,166	29,130,773	19,808,908
Total non-current assets		**1,385,913,688**	**1,088,016,166**	**944,838,638**
Inventories	6	41,782,292	-	-
Trade and other receivables	7	54,950,757	56,908,142	3,285,696
Prepayments and other assets	5	9,256,218	4,468,113	648,066
Derivative financial assets	8	-	1,926,827	-
Cash and cash equivalents	9	500,462	4,789,942	8,198,081
Total current assets		**106,489,729**	**68,093,024**	**12,131,843**
Total assets		**1,492,403,417**	**1,156,109,190**	**956,970,481**
Equity				
Share capital	10	94,664,016	94,664,016	94,664,016
Reserves	10	40,079,138	(26,708,353)	(8,137,081)
Total equity		**134,743,154**	**67,955,663**	**86,526,935**
Liabilities				
Loans and borrowings	11	1,135,091,113	929,412,907	674,826,856
Deferred income		14,508,006	-	-
Derivative financial liabilities	8	4,145,927	9,933,530	10,340,264
Total non-current liabilities		**1,153,745,046**	**939,346,437**	**685,167,120**
Trade and other payables	12	144,501,654	141,329,658	134,454,901
Loans and borrowings	11	55,124,067	1,692,405	43,193,163
Derivative financial liabilities	8	4,289,496	5,785,027	7,628,362
Total current liabilities		**203,915,217**	**148,807,090**	**185,276,426**
Total liabilities		**1,357,660,263**	**1,088,153,527**	**870,443,546**
Total equity and liabilities		**1,492,403,417**	**1,156,109,190**	**956,970,481**

The accompanying notes form an integral part of the financial statements

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2017

	Note	2017 RM	2016 RM restated
Revenue			
Sale of products		52,549,610	-
Service income		2,959,396	-
Other income		**55,509,006**	**-**
		7,704,937	4,026,828
Raw materials and packing materials consumed		(47,400,712)	-
Change in inventories of finished goods, traded goods and work-in-progress		25,504,999	-
Employee benefits expense		(17,318,641)	(6,126,993)
Other expenses		(21,947,057)	(6,606,722)
Depreciation		(1,571,362)	(999,054)
Total expenses		(62,732,773)	(13,732,769)
Results from operating activities		481,170	(9,705,941)
Finance costs		(158,185)	(10,698,480)
Profit/(Loss) for the year	13	**322,985**	**(20,404,421)**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge		1,910,142	(3,101,435)
Foreign currency translation differences		12,188,277	4,934,584
Total other comprehensive income for the year		**14,098,419**	**1,833,149**
Total comprehensive income/(expense) for the year		**14,421,404**	**(18,571,272)**

The accompanying notes form an integral part of the financial statements

Statement of changes in equity For the year ended 31 March 2017

	Attributable to owners of the Company						
	Non-distributable						
	Share capital RM	Non-cumulative redeemable convertible preference shares RM	Translation reserve RM	Capital reserve RM	Hedging reserve RM	Accumulated losses RM	Total equity RM
At 1 April 2015, restated	66,527,580	28,136,436	18,869,259	--	(17,968,625)	(9,037,715)	86,526,935
Cash flow hedge	-	-	-	-	(3,101,435)	-	(3,101,435)
Foreign currency translation differences	-	-	4,934,584	-	-	-	4,934,584
Total other comprehensive income/(expense) for the year	-	-	4,934,584	-	(3,101,435)	-	1,833,149
Loss for the year	-	-	-	-	-	(20,404,421)	(20,404,421)
Total comprehensive income/(expense) for the year	-	-	4,934,584	-	(3,101,435)	(20,404,421)	(18,571,272)
At 31 March 2016, restated/1 April 2016	66,527,580	28,136,436	23,803,843	--	(21,070,060)	(29,442,136)	67,955,663
Cash flow hedge	-	-	-	-	1,910,142	-	1,910,142
Foreign currency translation differences	-	-	12,188,277	-	-	-	12,188,277
Total other comprehensive income for the year	-	-	12,188,277	-	1,910,142	-	14,098,419
Profit for the year	-	-	-	-	-	322,985	322,985
Total comprehensive income for the year	-	-	12,188,277	-	1,910,142	322,985	14,421,404
Contributions by and distributions to owners of the Company							
Capital contribution/							
Total transactions with owners of the Company	**-**	**-**	**-**	**52,366,087**	**-**	**-**	**52,366,087**
At 31 March 2017	**66,527,580**	**28,136,436**	**35,992,120**	**52,366,087**	**(19,159,918)**	**(29,119,151)**	**134,743,154**

The accompanying notes form an integral part of the financial statements

Statement of cash flows For the year ended 31 March 2017

	Note	2017 RM	2016 RM restated
Cash flows from operating activities			
Profit/(Loss) for the year		322,985	(20,404,421)
Adjustments for:			
Depreciation		1,571,362	999,054
Finance costs		158,185	10,698,480
Unrealised loss on foreign exchange		8,480,090	3,262,481
Operating profit/(loss) before changes in working capital		10,532,622	(5,444,406)
Changes in inventories		(39,914,889)	-
Changes in trade and other receivables		7,436,349	(80,894,248)
Changes in trade and other payables		(29,031,403)	(7,862,327)
Changes in deferred income		13,859,591	-
Cash used in operations/			
Net cash used in operating activities		**(37,117,730)**	**(94,200,981)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(10,896,630)	(65,216,553)
Acquisition of intangible assets	4	(53,795,618)	-
Net cash used in investing activities		**(64,692,248)**	**(65,216,553)**
Cash flows from financing activities			
Drawdown of term loans		126,194,000	165,122,500
Repayment of borrowings		(12,026,744)	(27,939,321)
Interest paid		(20,476,111)	(28,638,102)
Advances from a related company		-	50,457,094
Net cash from financing activities		**93,691,145**	**159,002,171**
Net decrease in cash and cash equivalents		(8,118,833)	(415,363)
Effect of foreign exchange rate changes		967,162	(2,992,776)
Cash and cash equivalents at 1 April		4,789,942	8,198,081
Cash and cash equivalents at 31 March		**(2,361,729)**	**4,789,942**
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:			
Cash and bank balances	9	500,462	4,789,942
Book overdraft	11	(2,862,191)	-
		(2,361,729)	**4,789,942**

The accompanying notes form an integral part of the financial statements

Notes to the financial statements

Biocon Sdn. Bhd. is a private company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 1, Jalan Bioteknologi 1
Kawasan Perindustrian SiLC
79200 Nusajaya
Johor, Malaysia

Registered office
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The Company is engaged in the manufacture of various insulin products and in research and development activities of biopharmaceutical products. The Company has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation at the Southern Industrial and Logistics Clusters ("SiLC"), Johor, Malaysia.

The holding and the ultimate holding companies are Biocon Biologics Limited., a company incorporated in the United Kingdom and Biocon Limited., a company incorporated in India, respectively. The ultimate holding company is listed on the Bombay Stock Exchange and National Stock Exchange of India.

These financial statements were authorised for issue by the Board of Directors on 27th April 2017.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards.

In the previous years, the financial statements of the Company were prepared in accordance with Private Entities Reporting Standard (PERSs). The financial impacts of transition to MFRS are disclosed in Note 21.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective from a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Company upon their first adoption except as mentioned below:

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 and on a going concern basis. It is the intention of the Company to continue as a going concern and the ultimate holding company has undertaken to provide continuing financial support as and when required.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is different from the Company's functional currency US Dollar ("USD"). All financial information are presented in RM, unless otherwise stated. The Company has determined its functional currency to be USD.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and in preparing the opening MFRS statement of financial position of the Company at 1 April 2015 (the transition date to MFRS framework), unless otherwise stated.

(a) Foreign currency

(i) 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 period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Translation to the presentation currency

The financial statements of the Company have been translated from its functional currency to the presentation currency on the following basis:

(a) assets and liabilities are translated at the closing rate prevailing at the reporting date;

(b) income and expenses are translated at the average exchange rate for the period; and

(c) exchange differences are recognised separately in equity under translation reserve.

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flow affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur of the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) 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, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated. Freehold land is not depreciated.

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

Buildings	12 - 30 years
Furniture and fixtures	6 years
Motor vehicles	6 years
Plant and machineries	3 - 15 years

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

(d) Leased assets

Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

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 in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(e) Intangible assets

(i) Intellectual property rights

The intellectual property rights acquired by the Company are measured at fair value upon initial recognition, which forms its cost of acquisition, less any accumulated amotisation and any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the products or processes is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or to sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the assets for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

- Intellectual property rights 5 - 10 years

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle 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 work-in-progress and finished goods, 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 the estimated costs necessary to make the sale.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of statement of the cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(ii) Other assets

The carrying amounts of other assets except for inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets 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 groups of assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non- redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(j) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Company comprise non-cumulative redeemable convertible preference shares that can be converted to share capital or redeemed at the option of the holder.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(k) Borrowing costs

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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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 by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(m) Revenue and other income

(i) Sale of products

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the 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, and 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.

(ii) Service income

(a) Milestone payments and out licensing arrangements

The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, we recognise or defer the upfront payments received under these arrangements. Such deferred revenue is recognized in the consolidated statement of operations in the period in which we complete our remaining performance obligations.

These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

(b) Research and manufacturing services income

Research fee is recognised on an accrual basis as and when the services are rendered and collection is probable.

(iii) Government grants

The recognition of government grant starts when it is reasonably assured that the Company will comply with the conditions attached to the grant and when it is reasonably assured that the grant will be received.

Government grants related to assets are deducted from the cost of the related asset and thereby reduce depreciation expense in future periods.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision 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.

(ii) State plan

The Company's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Freehold land RM	Buildings RM	Furniture and fixtures RM	Motor vehicles RM	Plant and machineries RM	Construction-in-progress RM	Total RM
At cost							
At 1 April 2015	54,841,455	23,861,349	--	312,230	14,237,458	833,270,557	926,523,049
Additions	--	--	--	--	--	98,100,528	98,100,528
Effect of movement in exchange rates	2,523,402	1,097,925	--	14,366	654,988	34,363,375	38,654,056
At 31 March 2016/1 April 2016	57,364,857	24,959,274	--	326,596	14,892,446	965,734,460	1,063,277,633
Additions	--	--	--	--	--	43,299,612	43,299,612
Transfer	--	357,506,478	2,967,382	--	735,922,165	(1,096,396,025)	--
Effect of movement in exchange rates	8,132,608	20,263,218	138,828	46,300	36,541,128	87,643,343	152,765,425
At 31 March 2017	**65,497,465**	**402,728,970**	**3,106,210**	**372,896**	**787,355,739**	**281,390**	**1,259,342,670**
Accumulated depreciation							
At 1 April 2015	--	423,696	--	44,840	1,024,783	--	1,493,319
Depreciation charge	--	847,663	--	13,899	2,088,253	--	2,949,815
Effect of movement in exchange rates	--	(14,874)	--	1,499	(37,519)	--	(50,894)
At 31 March 2016/1 April 2016	--	1,256,485	--	60,238	3,075,517	--	4,392,240
Depreciation charge	--	1,135,808	1,332	45,790	3,101,295	--	4,284,225
Effect of movement in exchange rates	--	231,269	62	10,683	581,108	--	823,122
At 31 March 2017	**--**	**2,623,562**	**1,394**	**116,711**	**6,757,920**	**--**	**9,499,587**
Carrying amounts							
At 1 April 2015	**54,841,455**	**23,437,653**	**--**	**267,390**	**13,212,675**	**833,270,557**	**925,029,730**
At 31 March 2016/1 April 2016	**57,364,857**	**23,702,789**	**--**	**266,358**	**11,816,929**	**965,734,460**	**1,058,885,393**
At 31 March 2017	**65,497,465**	**400,105,408**	**3,104,816**	**256,185**	**780,597,819**	**281,390**	**1,249,843,083**

Others

Included in property, plant and equipment of the Company are the following expenses capitalised:

	2017 RM	2016 RM
Borrowing cost capitalised	29,690,119	30,933,214
Depreciation capitalised	2,712,863	1,950,761

Depreciation charges for property, plant and equipment is allocated as follows:

	2017 RM	2016 RM
Recognised to profit or loss	1,571,362	999,054
Capitalised to property, plant and equipment	2,712,863	1,950,761
	4,284,225	2,949,815

Security

At 31 March 2017, the entire property, plant and equipment are pledged with banks for credit facilities granted to the Company as disclosed in Note 11.

4. Intangible assets

	Intellectual property rights RM	Development cost RM	Total RM
At cost			
Additions	94,643,170	11,518,535	106,161,705
Effect of movement in exchange rate	4,427,844	538,890	4,966,734
	99,071,014	12,057,425	111,128,439
Carrying amounts			
At 31 March 2017	99,071,014	12,057,425	111,128,439

In February 2013, a related company, Biocon SA ("BSA") entered into an agreement with Mylan GmbH, granting a right to become exclusive co-development partner and manufacturer for bio similar insulin analogs in the territory stipulated. During the year ended 31 March 2017, BSA has transferred the commercialisation and development rights for insulin and insulin analogs to the Company.

An amount of RM 52,366,087, being the difference between the fair value of USD22.3 million (equivalent to RM94.6 million) and the consideration of USD10 million (equivalent to RM 42.3 million) is recorded in capital reserves (Note 10).

5. Prepayments and other assets

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Non-current			
Deposits	249,532	1,145,377	1,040,336
Capital advances	5,573,187	18,788,887	5,341,369
Prepaid loan transaction costs	574,606	9,196,509	13,427,203
Cost recoverable under a contract	18,544,841	--	--
	24,942,166	**29,130,773**	**19,808,908**
Current			
Advances recoverable	9,256,218	4,468,113	648,066
	34,198,384	**33,598,886**	**20,456,974**

6. Inventories

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Raw materials	15,084,052	--	--
Semi-finished/Finished goods	26,698,240	--	--
	41,782,292	**--**	**--**
Recognised in profit or loss:			
Inventories recognised as cost of goods sold	**(21,895,713)**	**--**	**--**

7. Trade and other receivables

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Trade receivables	19,108,561	--	--
Other receivables	35,842,196	3,538,451	3,285,696
Due from a related company - non-trade	--	53,369,691	--
	54,950,757	**56,908,142**	**3,285,696**

The non-trade amount due from a related company is unsecured, interest free and has no fixed terms of repayment.

8. Derivative financial assets/(liabilities)

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Derivatives assets used for hedging which relates to range forward contract and interest rate swap	--	1,926,827	--
Derivatives liabilities used for hedging which relates to range forward contract and interest rate swap			
- non-current	(4,145,927)	(9,933,530)	(10,340,264)
- current	(4,289,496)	(5,785,027)	(7,628,362)
	(8,435,423)	**(15,718,557)**	**(17,968,626)**

In the current financial year, the Company entered into interest rate swap with carrying amount of RM8.1 million to hedge the cash flow risk in relation to the floating interest rate of a bank loan (see Note 11).

9. Cash and cash equivalents

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Deposits with a licensed bank	--	--	3,961,430
Cash and bank balances	500,462	4,789,942	4,236,651
	500,462	**4,789,942**	**8,198,081**

10. Capital and reserves

Share capital

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM	Number of ordinary shares 31.3.2017	31.3.2016	1.4.2015
Issued and fully paid						
Ordinary shares	66,527,580	66,527,580	66,527,580	6,652,758	6,652,758	6,652,758
Non-cumulative redeemable convertible preference shares ("NCRCPS")	134,496,221	121,289,871	117,192,177	10,616,168	10,616,168	10,616,168
	201,023,801	**187,817,451**	**183,719,757**	**17,268,926**	**17,268,926**	**17,268,926**

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Classified as follows:			
Equity			
- Ordinary shares	66,527,580	66,527,580	66,527,580
- NCRCPS	28,136,436	28,136,436	28,136,436
	94,664,016	94,664,016	94,664,016
Liability	106,359,785	93,153,435	89,055,741
	201,023,801	**187,817,451**	**183,719,757**

Reserves

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Non-distributable			
Translation reserve	35,992,120	23,803,843	18,869,259
Capital reserve	52,366,087	--	--
Hedging reserve	(19,159,918)	(21,070,060)	(17,968,625)
	69,198,289	2,733,783	900,634
Accumulated losses	(29,119,151)	(29,442,136)	(9,037,715)
	40,079,138	**(26,708,353)**	**(8,137,081)**

Non- cumulative redeemable convertible preference shares

The Company issued 10,616,168 non-cumulative redeemable convertible preference shares ("NCRCPS") at an issue price and par value of RM10 each. The NCRCPS rank pari passu with one another without any preference or priority among themselves.

The salient features of the NCRCPS are as follows:

(a) Each NCRCPS shall confer on the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution.

(b) The NCRCPS shall not confer any further rights of participation in the profits of the Company.

(c) The NCRCPS shall have no voting right or right to move or second any resolutions at any general meetings of the Company, except:

(i) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRCPS; and

(ii) upon any resolution for the winding up of the Company.

(d) The Company shall have the rights to create or issue further NCRCPS provided always that they are issued on such terms and conditions that agreeable by the existing NCRCPS holders.

(e) The NCRCPS shall be redeemable at a premium, equal or discount to the par value, in full or in part, and in any number of tranches in RM equivalent to the amounts received in USD at the time of the initial subscription of the NCRCPS at the option of the Company or NCRCPS shareholder at any time after ten years from the date of issue of the NCRCPS.

(f) The NCRCPS shall be convertible at par value to ordinary shares of the Company of RM10 each at any time at the option of the NCRCPS shareholder.

Based on the above terms, the Company has a potential obligation to deliver cash to the shareholder of the NCRCPS shareholder arising from the non-cumulative coupon of 2.5% per annum and the shareholders' option to redeem the NCRCPS at any time after ten years from the date of issue of the NCRCPS. Accordingly, an amount of RM78,025,244 representing the fair value of the liability component has been classified as non-current liability. The balance of RM 28,136,436 has been classified as equity.

Translation reserve

The translation reserve relates to foreign currency differences arising from the translation of the financial statements of the Company from functional currency to presentation currency.

Capital reserve

The capital reserve is in respect of capital contribution from the preference shareholders and the amount is non-reciprocal.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

11. Loans and borrowings

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Non-current			
Term loans - secured	789,641,885	630,421,121	438,521,837
Non-convertible redeemable preference shares - unsecured (see Note 10)	118,022,783	99,804,155	92,161,073
Advances from a related company	227,426,445	199,187,631	144,143,946
	1,135,091,113	**929,412,907**	**674,826,856**
Current			
Term loans - secured	52,261,876	1,692,405	43,193,163
Book overdraft - unsecured	2,862,191	--	--
	55,124,067	**1,692,405**	**43,193,163**
	1,190,215,180	**931,105,312**	**718,020,019**

The portion of NCRCPS that are classified as liability is as follows:

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Issued and fully paid up (Note 10)	106,359,785	93,153,435	89,055,741
Accrued interests	11,662,998	6,650,720	3,105,332
	118,022,783	**99,804,155**	**92,161,073**

The term loans are secured by:

(a) a fixed and floating charge over all present and future assets of the Company;

(b) a charge over the entire property, plant and equipment of the Company as disclosed in Note 3; and

(c) letter of undertaking from the ultimate holding company.

Significant covenants

The borrowings of the Company is subject to the following covenants:

a) Maintain debt to tangible net worth ratio of not more than 70:30 as defined by respective financial institution.

b) Maintain security ratio of not less than 1.15:1 as defined by respective financial institution.

The advances from a related company are unsecured, interest free and not repayable within the next twelve months.

12. Trade and other payables

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Trade			
Trade payables	78,973,492	46,807,320	--
Due to ultimate holding company	24,177,031	37,469,370	--
Due to related companies	9,833,222	--	--
	112,983,745	**84,276,690**	**--**
Non-trade			
Due to related companies	--	3,449,640	6,045,112
Other payables	31,517,909	53,603,328	128,409,789
	31,517,909	57,052,968	134,454,901
	144,501,654	**141,329,658**	**134,454,901**

The non-trade amounts due to related companies are unsecured, interest free and repayable on demand.

13. Profit/(Loss) for the year

	2017 RM	2016 RM
Profit/(Loss) for the year is arrived at after charging/(crediting)		
Audit remuneration:		
- Audit fee		
- Non-audit fees	45,000	50,000
Personnel expenses (including key management personnel):	18,000	--
- Contributions to state plans		
- Wages, salaries and others	3,421,818	704,646
Rentals of premises	13,896,823	5,422,347
Foreign exchange:	163,125	221,248
- Unrealised loss		
- Realised (gain)/loss	8,480,090	3,262,481
	(8,071,948)	4,501,392

14. Acquisition of property, plant and equipment

	2017 RM	2016 RM
Current year's acquisition of property, plant and equipment	43,299,612	98,100,528
Less: Non-fund item capitalised		
- Depreciation	(2,712,863)	(1,950,761)
- Finance costs capitalised	(29,690,119)	(30,933,214)
	10,896,630	**65,216,553**

Current year's acquisition of property, plant and equipment includes:

	2017 RM	2016 RM
Addition of property, plant and equipment	109,905,791	199,869,181
Cost reimbursement for construction-in-progress	(43,399,214)	(80,769,705)
Grant received	(23,206,965)	(20,998,948)
	43,299,612	**98,100,528**

15. Taxation

	2017 RM'000	2016 RM'000
Reconciliation of tax expense		
Profit/(Loss) for the year	323	(20,404)
Income tax calculated using Malaysian tax rate of 24%	78	(4,897)
Non-deductible expenses	--	4,897
Others	(78)	--
Tax expense	--	--

The Company has been granted 100% income tax exemption under P.U. (A) 112 Income Tax Order (Exemption) (No. 11) 2006 for a period of 10 years and an additional 5 years from the first year statutory income is derived.

Accordingly, the deferred tax assets and liabilities are not recognised in the financial statements as they are expected to be reversed/utilised within the next 15 years exemption period without any tax consequences to the Company.

16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");

(b) Fair value through profit or loss ("FVTPL"); and

(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/(FL) RM'000	Derivative used for hedging RM'000
31.3.2017			
Financial assets			
Trade and other receivables	54,951	54,951	--
Cash and cash equivalents	500	500	--
	55,451	**55,451**	**--**
Financial liabilities			
Loans and borrowings	(1,190,215)	(1,190,215)	--
Trade and other payables	(144,502)	(144,502)	--
Derivatives financial liabilities	(8,435)	--	(8,435)
	(1,343,152)	**(1,334,717)**	**(8,435)**
31.3.2016			
Financial assets			
Derivatives financial assets	1,927	--	1,927
Trade and other receivables	56,908	56,908	--
Cash and cash equivalents	4,790	4,790	--
	63,625	**61,698**	**1,927**
Financial liabilities			
Loans and borrowings	(931,105)	(931,105)	--
Trade and other payables	(141,330)	(141,330)	--
Derivatives financial liabilities	(15,719)	--	(15,719)
	(1,088,154)	**(1,072,435)**	**(15,719)**
1.4.2015			
Financial assets			
Trade and other receivables	3,286	3,286	--
Cash and cash equivalents	8,198	8,198	--
	11,484	**11,484**	**--**
Financial liabilities			
Loans and borrowings	(718,020)	(718,020)	--
Trade and other payables	(134,455)	(134,455)	--
Derivatives financial liabilities	(17,969)		(17,969)
	(870,444)	**(852,475)**	**(17,969)**

16.2 Net gains and losses arising from financial instruments

	2017 RM'000	2016 RM'000
Net gains arising from financial instruments:		
Loans and receivables	(409)	(7,765)
Financial liabilities recognised as amortised cost	(29,848)	(41,631)
Derivatives designated as hedging instrument:		
- Recognised in other comprehensive income/(expenses)	1,910	(3,101)
	(28,347)	(52,497)

16.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

16.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Company uses ageing analysis to monitor the credit quality of its receivables.

Impairment losses

The Company maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross/Net		
	31.3.2017 RM'000	31.3.2016 RM'000	1.4.2015 RM'000
Not past due	16,949	--	--
Past due 1 - 30 days	1,825	--	--
Past due 31 - 120 days	335	--	-
	19,109	--	--

There is no allowance for impairment loss of trade receivables for the financial year.

16.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from various payables, and loans and borrowings.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarizes the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	>2 years RM'000
31.3.2017						
Non-derivative financial liabilities						
Term loan - secured	841,904	Libor+3.25	962,161	87,275	136,270	738,616
Book overdraft - unsecured	2,862	BLR+3.25	2,862	2,862	--	--
Due to ultimate holding company	24,177	--	24,177	24,177	--	--
Due to related companies	9,833	--	9,833	9,833	--	--
Non-cumulative redeemable convertible preference shares	118,023	2.5	166,421	--	3,620	162,801
Advances from a related company	227,426	--	227,426	227,426	--	--
Trade and other payables	110,492	--	110,492	110,492	--	--
	1,334,717		**1,503,372**	**462,065**	**139,890**	**901,417**
Derivative financial liabilities						
Range forward contract	273	--	273	273	--	--
Interest rate swap	8,162	--	8,162	4,016	2,434	1,712
	1,343,152		**1,511,807**	**466,354**	**142,324**	**903,129**
31.3.2016						
Non-derivative financial liabilities						
Term loan - secured	632,114	Libor+3.25*	920,968	208,916	264,843	447,209
Due to ultimate holding company	37,469	--	37,469	37,469	--	--
Due to related companies	3,450	--	3,450	3,450	--	--
Non-cumulative redeemable convertible preference shares	99,804	2.5	145,757	--	--	145,757
Advances from a related company	199,188	--	199,188	199,188	--	--
Trade and other payables	100,411	--	100,411	100,411	--	--
	1,072,436		**1,407,243**	**549,434**	**264,843**	**592,966**
Derivative financial liabilities						
Range forward contract	(1,927)	--	(1,927)	(1,927)	--	--
Interest rate swap	15,719	--	15,719	5,785	4,301	5,633
	1,086,228		**1,421,035**	**553,292**	**269,144**	**598,599**

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	>2 years RM'000
1.4.2015						
Non-derivative financial liabilities						
Term loan - secured	481,715	Libor + 3	561,309	36,462	110,535	414,312
Due to related companies	6,045	--	6,045	6,045	--	--
Non-cumulative redeemable convertible preference shares	92,161	2.5	139,345	--	--	139,345
Advances from a related company	144,144	--	144,144	144,144	--	--
Trade and other payables	128,410	--	128,410	128,410	--	--
	852,475		**979,253**	**315,061**	**110,535**	**553,657**
Derivative financial liabilities						
Range forward contract	569	--	569	569	--	
Interest rate swap	17,400	--	17,400	7,059	4,448	5,893
	870,444		**997,222**	**322,689**	**114,983**	**559,550**

* The Company entered into debt modification during the year and pursuant to it, the interest rate was changed to Libor + 3.25%.

16.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates and other prices that will affect the Company's financial position or cash flows.

Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily Ringgit Malaysia ("RM") and Euro Dollar ("EUR").

Further, certain expenses of the Company are in respective transaction currency i.e. RM and EUR, thereby rendering only the residual foreign exchange risk to be hedged through derivative instruments.

Risk management objectives, policies and processes for managing the risk

The Company holds derivative instruments such as range forward contract to mitigate the risk of changes in exchange rates and foreign currency exposure.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the currency of Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	EUR	RM
	RM'000	RM'000
31.3.2017		
Trade and other receivables	--	36,939
Cash and cash equivalents	--	(2,014)
Trade and other payables	(12,024)	(28,854)
	(12,024)	**6,071**
31.3.2016		
Cash and cash equivalents	--	2,431
Trade and other payables	(16,443)	(19,622)
	(16,443)	**(17,191)**
1.4.2015		
Trade and other receivables	--	3,290
Cash and cash equivalents	--	4,242
Trade and other payables	(19,914)	(41,487)
	(19,914)	**(33,955)**

Currency risk sensitivity analysis

A 10% (31.3.2016: 10%; 1.4.2015: 10%) strengthening of the US Dollar against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates and remained constant.

	Profit or (loss)		
	31.3.2017	31.3.2016	1.4.2015
	RM'000	RM'000	RM'000
EUR	914	1,250	1,494
RM	(461)	1,307	2,547

A 10% (31.3.2016:10%; 1.4.2015: 10%) weakening of US Dollar against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Company's main interest rate risk arises from long-term loans and borrowings with variable rates, which expose the company to cash flow interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company's policy is to maintain most of its loans and borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

Cash flow hedge

The Company has entered into an interest rate swap to hedge the cash flow risk in relation to the floating interest rate of a bank loan of RM841.9 million (31.3.2016: RM632.1 million; 1.4.2015: RM481.7 million). The interest rate swap has the carrying amount of RM8.1 million (31.3.2016: RM15.7 million; 1.4.2015: RM17.4 million) and is settled every quarter, consistent with the interest repayment schedule of the loan.

The following table indicates the periods in which the cash flow associated with the interest rate swap are expected to occur and affect profit or loss:

	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
31.3.2017					
Interest rate swap	8,162	7,037	3,211	3,359	467
31.3.2016					
Interest rate swap	15,719	12,283	4,652	4,815	2,816
1.4.2015					
Interest rate swap	17,400	17,400	7,059	7,136	3,205

During the financial year, a gain of RM1.90 million was recognised in other comprehensive income.

16.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of floating rates term loans approximate its fair value as its effective interest rate changes accordingly to movements in the market interest rate.

The carrying amount of the liability portion of the non-cumulative redeemable convertible preference shares approximate its fair value as the interest rate has not changed significantly from the market interest rate since initial recognition.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value		Carrying amount
	Level 2 RM'000	Total RM'000	RM'000
31.3.2017			
Financial liabilities			
Interest rate swap	8,162	8,162	8,162
Range forward contract	273	273	273
	8,435	**8,435**	**8,435**
31.3.2016			
Financial liabilities			
Interest rate swap	15,719	15,719	15,719
Range forward contract	(1,927)	(1,927)	(1,927)
	13,792	**13,792**	**13,792**
1.4.2015			
Financial liabilities			
Interest rate swap	17,400	17,400	17,400
Range forward contract	569	569	569
	17,969	**17,969**	**17,969**

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year. (2016 and 2015: no transfer in either directions).

No disclosures of fair value of advances from a related company as it is not practicable to determine its fair values with sufficient reliability since this balance has no fixed terms of repayment.

17. Capital management

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain market confidence and to sustain future development of the business. The Directors monitor and maintain an optimal security ratio and debt-to-equity ratio that complies with debt covenants.

During 2017, the Company's strategy, which was unchanged from 2016, was to maintain the debt-to equity ratio not more than 70:30. The debt-to-equity ratios at 31 March 2017, at 31 March 2016 and at 1 April 2015 were as follows:

	31.3.2017	31.3.2016	1.4.2015
Debt-to-equity ratio	70:30	70:30	69:31

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

18. Capital commitment

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Capital expenditure commitments			
Property, plant and equipment			
Contracted but not provided for	42,381,726	19,552,197	63,462,020

19. Operating leases

Leases as lessee

Non- cancellable operating lease rentals are payable as follows:

	31.3.2017 RM	31.3.2016 RM	1.4.2015 RM
Less than one year	44,200	112,800	143,700
Between one and five years	--	45,850	5,200
	44,200	**158,650**	**148,900**

20. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The key management personnel includes all the Directors of the Company.

The Company has related party relationship with its holding companies, related companies and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Notes 7 and 12.

		2017 RM'000	2016 RM'000
A.	**Ultimate holding company**		
	Sale of goods	13,806	--
	Recharge of expenses	(1,082)	(916)
	Purchase of materials	(4,058)	(4,213)
	Corporate guarantee	(1,860)	(1,448)
B.	**Immediate holding company**		
	Recharge of expenses	33	--
C.	**Related companies**		
	Reimbursement of expenses	(9,394)	(158)
	Purchase of intellectual property rights	42,277	--
	Recharge of expenses	81,862	145,933
D.	**Fees paid to a company in which certain**		
	Directors are members	6	6

21. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Company for the financial year ended 31 March 2017, the comparative information presented in these financial statements for the financial year ended 31 March 2016 and in the preparation of the opening MFRSs statement of financial position at 1 April 2015 (the Company's date of transition to MFRSs).

In preparing the opening statement of financial position at 1 April 2015, the Group has adjusted amounts reported previously in financial statements prepared in accordance with PERSs. On transition, the Company did not revise estimates previously made under PERSs except where required by MFRSs. Reconciliation of the effect of the transition from PERSs to MFRSs that has affected the Company's financial position, financial performance and cash flows is set out as follows:

21.1 Reconciliation of financial position

	1.4.2015			31.3.2016		
	PERSs RM	Effect of transition to MFRSs RM	MFRSs RM	PERSs RM	Effect of transition to MFRSs RM	MFRSs RM
Assets						
Property, plant and equipment	834,009,777	91,019,953	925,029,730	961,874,011	97,011,382	1,058,885,393
Prepayments and other assets	--	19,808,908	19,808,908	--	29,130,773	29,130,773
Total non-current assets	**834,009,777**	**110,828,861**	**944,838,638**	**961,874,011**	**126,142,155**	**1,088,016,166**
Inventories	--	--	--	--	--	--
Trade and other receivables	--	3,285,696	3,285,696	--	56,908,142	56,908,142
Prepayments and other assets	23,771,503	(23,123,437)	648,066	98,629,176	(94,161,063)	4,468,113
Derivative financial assets	--	--	--	--	1,926,827	1,926,827
Cash and cash equivalents	8,208,037	(9,956)	8,198,081	4,790,320	(378)	4,789,942
Total current assets	**31,979,540**	**(19,847,697)**	**12,131,843**	**103,419,496**	**(35,326,472)**	**68,093,024**
Total assets	**865,989,317**	**90,981,164**	**956,970,481**	**1,065,293,507**	**90,815,683**	**1,156,109,190**
Equity						
Share capital	94,664,016	--	94,664,016	94,664,016	--	94,664,016
Reserves	(53,170,325)	45,033,244	(8,137,081)	(61,777,373)	35,069,020	(26,708,353)
Total equity	**41,493,691**	**45,033,244**	**86,526,935**	**32,886,643**	**35,069,020**	**67,955,663**
Liabilities						
Loans and borrowings	649,449,793	25,377,063	674,826,856	891,884,922	37,527,985	929,412,907
Derivative financial liabilities	--	10,340,264	10,340,264	--	9,933,530	9,933,530
Total non-current liabilities	**649,449,793**	**35,717,327**	**685,167,120**	**891,884,922**	**47,461,515**	**939,346,437**
Trade and other payables	131,852,670	2,602,231	134,454,901	140,521,942	807,716	141,329,658
Loans and borrowings	43,193,163	--	43,193,163	--	1,692,405	1,692,405
Derivative financial liabilities	--	7,628,362	7,628,362	--	5,785,027	5,785,027
Total current liabilities	**175,045,833**	**10,230,593**	**185,276,426**	**140,521,942**	**8,285,148**	**148,807,090**
Total liabilities	**824,495,626**	**45,947,920**	**870,443,546**	**1,032,406,864**	**55,746,663**	**1,088,153,527**
Total equity and liabilities	**865,989,317**	**90,981,164**	**956,970,481**	**1,065,293,507**	**90,815,683**	**1,156,109,190**

21.2 Reconciliation of statement of comprehensive income

	2016		
	PERSs RM	Effect of transition to MFRSs RM	MFRSs RM
Results from operating activities	(8,607,048)	(1,098,893)	(9,705,941)
Finance costs	--	(10,698,480)	(10,698,480)
Loss for the year	**(8,607,048)**	**(11,797,373)**	**(20,404,421)**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge	--	(3,101,435)	(3,101,435)
Foreign currency translation differences	--	4,934,584	4,934,584
Total other comprehensive income for the year	**--**	**1,833,149**	**1,833,149**
Total comprehensive expense for the year	**(8,607,048)**	**(9,964,224)**	**(18,571,272)**

21.3 Reconciliation of statement of cash flows

	2016		
	PERSs RM	**Effect of transition to MFRSs* RM**	**MFRSs RM**
Cash flows from operating activities			
Loss for the year	(8,607,048)	(11,797,373)	(20,404,421)
Adjustments for:			
Depreciation	988,583	10,471	999,054
Finance costs	--	10,698,480	10,698,480
Unrealised loss on foreign exchange	1,280,442	1,982,039	3,262,481
Operating (loss)/profit before changes in working capital	(6,338,023)	893,617	(5,444,406)
Changes in trade and other receivables	6,907,941	(87,802,189)	(80,894,248)
Changes in trade and other payables	(19,782,928)	11,920,601	(7,862,327)
Cash used in operations/Net cash used in operating activities	**(19,213,010)**	**(74,987,971)**	**(94,200,981)**
Cash flows from investing activity			
Acquisition of property, plant and equipment/Net cash (used in)/from investing activity	**(195,354,800)**	**130,138,247**	**(65,216,553)**
Cash flows from financing activities			
Drawdown of term loans	160,495,095	4,627,405	165,122,500
Repayment of borrowings	(30,111,406)	2,172,085	(27,939,321)
Interest paid	(24,847,563)	(3,790,539)	(28,638,102)
Advances from a related company	103,730,080	(53,272,986)	50,457,094
Net cash from/(used in) financing activities	**209,266,206**	**(50,264,035)**	**159,002,171**
Net (decrease)/increase in cash and cash equivalents	(5,301,604)	4,886,241	(415,363)
Effect of foreign exchange rate changes	1,883,887	(4,876,663)	(2,992,776)
Cash and cash equivalents at 1 April	8,208,037	(9,956)	8,198,081
Cash and cash equivalents at 31 March	**4,790,320**	**(378)**	**4,789,942**

* Certain comparatives have been reclassified to conform with current year presentation.

21.4 Reconciliation of equity

	Note	31.3.2016 RM	1.4.2015 RM
Total equity previously reported		32,886,643	41,493,691
Impact of derivative accounting, translations adjustments and exchange gain/loss	[1]	(21,070,060)	(17,968,625)
Impact of debt modification	[2]	(10,698,481)	--
Impact of functional currency	[3]	66,837,561	63,001,869
Total equity under MFRSs		**67,955,663**	**86,526,935**

21.5 Reconciliation of total comprehensive income/(expenses)

	Note	2016 RM
Loss for the year previously reported		(8,607,048)
Impact of derivative accounting, translations adjustments and exchange gain/loss	[1]	(3,101,435)
Impact of debt modification	[2]	(10,698,481)
Impact of functional currency	[3]	3,835,692
Total comprehensive expense for the year under MFRSs		**(18,571,272)**

Notes to the above reconciliation

[1] Derivative

The Company had entered into interest rate swap agreement to convert the floating interest rate to fixed interest rate for a loan. The Company has also entered into forward contract (range forward) to cover its exposure of Malaysian Ringgit. Under PERS, the interest rate swap and forward contract were treated as off balance sheet items whereas under MFRS, these have been accounted for under hedge accounting.

[2] Debt Modification

Under MFRS, if the debt is considered to be substantially modified either on quantitative or qualitative basis, then the origination costs relating to the existing loan has to be derecognised. Consequently, unamortised debt origination costs amounting to RM10.7 million has been charged to profit or loss at the date of the modification.

[3] Functional Currency

Under MFRS, a functional currency is the currency used in the primary economic environment where an entity operates. This is the environment in which an entity primarily generates and expends cash. The Directors of the Company have deemed that the functional currency of the Company to be USD. Consequently, the Company has restated all its transactions into USD retrospectively by restating comparatives and adjusting the opening balance of retained earnings at 1 April 2015.

Statement by Directors pursuant to

Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 5 to 47 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2017 and of its financial performance and cash flows for the year then ended.

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

Kiran Mazumdar Shaw
Director

John McCallum Marshall Shaw
Director

Date: 27 April 2017

Statutory declaration pursuant to

Section 251(1)(b) of the Companies Act 2016

I, Kiran Kumar Gandhirajan, the officer primarily responsible for the financial management of BIOCON SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 5 to 47 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Kiran Kumar Gandhirajan, Passport No. Z3571944, at Johor Bahru in the State of Johor on 27 April 2017

Kiran Kumar Gandhirajan

Before me:

Independent Auditors' Report to the members of

Biocon Sdn. Bhd.
(Company No. 930330-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Biocon Sdn. Bhd., which comprise the statement of financial position as at 31 March 2017, and 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 5 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Standards Board for 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 Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in 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 that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company 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.

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 internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 ability of the Company 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 content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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

Other Matters

1. As stated in Note 1(a) to the financial statements, the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 April 2016 with a transition date of 1 April 2015. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2016 and 1 April 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2016 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 March 2017 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2016 do not contain misstatements that materially affect the financial position as at 31 March 2017, and the financial performance and cash flows for the year then ended.
2. 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 content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tan Teck Eng
Approval Number: 2986/05/18 (J)
Chartered Accountant

Johor Bahru
Date: 27 April 2017