

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

**Financial statements for the
year ended 31 March 2018**

Biocon Sdn. Bhd.

(Company No. 930330-U)
(Incorporated in Malaysia)

Directors' report for the year ended 31 March 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2018.

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.

The ultimate holding company is listed on the Bombay Stock Exchange and National Stock Exchange of India.

Results

	RM'000
Loss for the year	<u>44,977</u>

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 8 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
Teo Jua Chi
Lim Lih Chau (appointed on 1 July 2017)
Pang Seng Wee (resigned on 30 June 2017)

Company No. 930330-U

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 31 March 2018
		At 1 April 2017	Bonus issue	Bought	Sold	
Ultimate holding company						
- Biocon Limited.						
Kiran Mazumdar Shaw	Direct	79,287,564	158,575,128	--	--	237,862,692
Dr. Arun Suresh Chandavarkar	Direct	2,200,000	4,400,000	--	--	6,600,000
John McCallum Marshall Shaw	Direct	1,407,558	2,815,116	--	--	4,222,674
	Indirect	39,535,194	79,070,388	--	--	118,605,582
Related companies						
- Syngene International Limited						
Kiran Mazumdar Shaw	Direct	7,638	--	--	--	7,638
Dr. Arun Suresh Chandavarkar	Direct	23,549	--	--	--	23,549

By virtue of their interest in the shares of the ultimate holding company, Kiran Mazumdar Shaw and John McCallum Marshall Shaw are also deemed interested in the shares of all the subsidiaries of the ultimate holding company to the extent the ultimate holding company has an interest.

None of the other Directors holding office at 31 March 2018 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 those fees and other benefits 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.

Company No. 930330-U

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 has been 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 2018 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, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 12 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: 25 APR 2018

Biocon Sdn. Bhd.(Company No. 930330-U)
(Incorporated in Malaysia)**Statement of financial position
As at 31 March 2018**

	Note	2018 RM'000	2017 RM'000
Assets			
Property, plant and equipment	3	1,078,234	1,249,843
Intangible assets	4	135,127	111,128
Prepayments and other assets	5	13,932	15,560
Total non-current assets		<u>1,227,293</u>	<u>1,376,531</u>
Inventories	6	38,444	41,782
Trade and other receivables	7	104,509	54,951
Prepayments and other assets	5	21,148	18,639
Cash and cash equivalents		6,711	500
Total current assets		<u>170,812</u>	<u>115,872</u>
Total assets		<u>1,398,105</u>	<u>1,492,403</u>
Equity			
Share capital	8	94,664	94,664
Reserves	8	(19,736)	40,079
Total equity		<u>74,928</u>	<u>134,743</u>
Liabilities			
Loans and borrowings	9	1,040,267	1,135,091
Deferred income		11,523	14,508
Derivative financial liabilities	10	3,562	4,146
Total non-current liabilities		<u>1,055,352</u>	<u>1,153,745</u>
Trade and other payables	11	140,762	144,502
Loans and borrowings	9	124,864	55,124
Derivative financial liabilities	10	2,199	4,289
Total current liabilities		<u>267,825</u>	<u>203,915</u>
Total liabilities		<u>1,323,177</u>	<u>1,357,660</u>
Total equity and liabilities		<u>1,398,105</u>	<u>1,492,403</u>

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

Biocon Sdn. Bhd.(Company No. 930330-U)
(Incorporated in Malaysia)**Statement of profit or loss and other comprehensive income
For the year ended 31 March 2018**

	Note	2018 RM'000	2017 RM'000
Revenue			
Sale of products		175,565	52,550
Service income		4,527	2,959
		<u>180,092</u>	<u>55,509</u>
Other income		52	7,705
Raw materials and packing materials consumed		(41,228)	(47,401)
Change in inventories of finished goods, traded goods and work-in-progress		(319)	25,505
Employee benefits expense		(54,287)	(17,319)
Research and development expense		(15,452)	(1,450)
Depreciation		(69,215)	(1,571)
Other expenses		(12,883)	(20,497)
Total expenses		<u>(193,384)</u>	<u>(62,733)</u>
Results from operating activities		(13,240)	481
Finance costs		(31,737)	(158)
(Loss)/Profit for the year	12	<u>(44,977)</u>	<u>323</u>
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge		(978)	1,910
Foreign currency translation differences		(13,860)	12,188
Total other comprehensive (expense)/ income for the year		<u>(14,838)</u>	<u>14,098</u>
Total comprehensive (expense)/income for the year		<u>(59,815)</u>	<u>14,421</u>

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

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

Statement of changes in equity For the year ended 31 March 2018

	Attributable to owners of the Company		Attributable to owners of the Company					Total equity RM'000
	Share capital RM'000	Non-cumulative redeemable preference shares RM'000	Non-distributable	Translation reserve RM'000	Capital reserve RM'000	Hedging reserve RM'000	Accumulated losses RM'000	
At 1 April 2016	66,528	28,136	23,804	--	--	(3,265)	(47,247)	67,956
Cash flow hedge	--	--	--	--	--	1,910	--	1,910
Foreign currency translation differences	--	--	12,188	--	--	--	--	12,188
Total other comprehensive income for the year	--	--	12,188	--	--	1,910	--	14,098
Profit for the year	--	--	--	--	--	--	323	323
Total comprehensive income for the year	--	--	12,188	--	--	1,910	323	14,421
<i>Contributions by and distributions to owners of the Company</i>								
Capital contribution/	--	--	--	--	52,366	--	--	52,366
Total transactions with owners of the Company	66,528	28,136	35,992	52,366	(1,355)	(46,924)	134,743	
At 31 March 2017/1 April 2017								
Cash flow hedge	--	--	--	--	--	(978)	--	(978)
Foreign currency translation differences	--	--	(13,860)	--	--	--	--	(13,860)
Total other comprehensive expense for the year	--	--	(13,860)	--	--	(978)	--	(14,838)
Loss for the year	--	--	--	--	--	--	(44,977)	(44,977)
Total comprehensive expense for the year	--	--	(13,860)	--	--	(978)	(44,977)	(59,815)
At 31 March 2018	66,528	28,136	22,132	52,366	(2,333)	(91,901)	74,928	

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

Biocon Sdn. Bhd.(Company No. 930330-U)
(Incorporated in Malaysia)**Statement of cash flows**
For the year ended 31 March 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
(Loss)/Profit for the year		(44,977)	323
Adjustments for:			
Depreciation		69,215	1,571
Finance costs		31,737	158
Unrealised loss on foreign exchange		2,976	8,480
Operating profit before changes in working capital		58,951	10,532
Changes in inventories		(2,131)	(39,915)
Changes in trade and other receivables		(67,738)	7,437
Changes in trade and other payables		11,294	(29,031)
Changes in deferred income		(1,227)	13,860
Net cash used in operating activities		(851)	(37,117)
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(51,735)	(10,897)
Acquisition of intangible assets	4	(41,083)	(53,796)
Net cash used in investing activities		(92,818)	(64,693)
Cash flows from financing activities			
Drawdown of term loans		--	126,194
(Repayment of)/Proceeds from:			
- Term loans		(49,127)	(12,027)
- Working capital loan		14,785	--
Interest paid		(26,004)	(20,476)
Advances from a related company		142,688	--
Net cash from financing activities		82,342	93,691
Net decrease in cash and cash equivalents		(11,327)	(8,119)
Effect of foreign exchange rate changes		1,111	967
Cash and cash equivalents at 1 April		(2,362)	4,790
Cash and cash equivalents at 31 March		(12,578)	(2,362)
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:			
Cash and bank balances		6,711	500
Book overdraft	9	(19,289)	(2,862)
		(12,578)	(2,362)

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

Biocon Sdn. Bhd.

(Company No. 930330-U)
(Incorporated in Malaysia)

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 25 APR 2018.

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.

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 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*

(a) Statement of compliance (continued)***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018 (continued)***

- 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*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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.

(a) Statement of compliance (continued)**(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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating 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, 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.

(b) Financial instruments (continued)**(ii) Financial instrument categories and subsequent measurement (continued)*****Financial assets (continued)*****(a) *Financial assets at fair value through profit or loss (continued)***

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.

(b) Financial instruments (continued)**(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 or 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.

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 amortisation 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 with original maturities of three months or less, and are used by the Company in the management of its short term commitments. For the purpose of the statement of 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.

(h) Impairment (continued)**(ii) Other assets (continued)**

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.

(j) Compound financial instruments (continued)

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.

(l) Income tax (continued)

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 statement of profit or loss 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.

(m) Revenue and other income (continued)**(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.

Company No. 930330-U

3. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Furniture and fixtures RM'000	Motor vehicles RM'000	Plant and machineries RM'000	Construction -in -progress RM'000	Total RM'000
At cost							
At 1 April 2016	57,365	24,959	--	327	14,892	965,734	1,063,277
Additions	--	--	--	--	--	43,300	43,300
Transfer	--	357,506	2,967	--	735,922	(1,096,395)	--
Effect of movement in exchange rates	8,133	20,263	139	46	36,541	87,643	152,765
At 31 March 2017/1 April 2017	65,498	402,728	3,106	373	787,355	282	1,259,342
Additions	--	--	--	--	(5,676)	61,384	55,708
Transfer	--	111	71	174	5,163	(5,519)	--
Effect of movement in exchange rates	(8,336)	(51,262)	(400)	(60)	(100,170)	(4,017)	(164,245)
At 31 March 2018	57,162	351,577	2,777	487	686,672	52,130	1,150,805
Accumulated depreciation							
At 1 April 2016	--	1,256	--	60	3,076	--	4,392
Depreciation charge	--	1,136	1	46	3,101	--	4,284
Effect of movement in exchange rates	--	231	--	11	581	--	823
At 31 March 2017/1 April 2017	--	2,623	1	117	6,758	--	9,499
Depreciation charge	--	14,582	493	84	54,056	--	69,215
Effect of movement in exchange rates	--	(1,378)	(35)	(21)	(4,709)	--	(6,143)
At 31 March 2018	--	15,827	459	180	56,105	--	72,571
Carrying amounts							
At 1 April 2016	57,365	23,703	--	267	11,816	965,734	1,058,885
At 31 March 2017/1 April 2017	65,498	400,105	3,105	256	780,597	282	1,249,843
At 31 March 2018	57,162	335,750	2,318	307	630,567	52,130	1,078,234

3. Property, plant and equipment (continued)

Others

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

	2018 RM'000	2017 RM'000
Borrowing cost capitalised	3,973	29,690
Depreciation capitalised	--	2,713

Borrowing cost capitalised includes preference share notional interest of RM3,973,000 (2017: RM11,662,000).

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

	2018 RM'000	2017 RM'0000
Recognised to profit or loss	69,215	1,571
Capitalised to property, plant and equipment	--	2,713
	<u>69,215</u>	<u>4,284</u>

Security

At 31 March 2018, the entire property, plant and equipment are pledged with banks for credit facilities granted to the Company as disclosed in Note 9.

4. Intangible assets

	Intellectual property rights RM'000	Development cost RM'000	Total RM'000
At cost			
At 1 April 2016	--	--	--
Additions	94,643	11,519	106,162
Effect of movement in exchange rate	4,428	539	4,967
At 31 March 2017/1 April 2017	99,071	12,058	111,129
Additions	--	41,083	41,083
Effect of movement in exchange rate	(12,608)	(4,477)	(17,085)
At 31 March 2018	<u>86,463</u>	<u>48,664</u>	<u>135,127</u>
Carrying amounts			
At 31 March 2017	<u>99,071</u>	<u>12,057</u>	<u>111,128</u>
At 31 March 2018	<u>86,463</u>	<u>48,664</u>	<u>135,127</u>

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.

Pursuant to the above transaction during the year ended March 2017, an amount of RM52,366,087, being the difference between the fair value of USD22.3 million (equivalent to RM94.6 million) and the consideration of USD10 million (equivalent to RM42.3 million) was recorded in capital reserves (Note 8).

Company No. 930330-U

5. Prepayments and other assets

	2018 RM'000	2017 RM'000
Non-current		
Deposits	218	250
Capital advances	11,019	5,573
Prepayments	2,695	9,737
	<u>13,932</u>	<u>15,560</u>
Current		
Advances recoverable	4,723	4,919
Goods and services tax receivable	8,122	4,337
Prepayments	8,303	9,383
	<u>21,148</u>	<u>18,639</u>
	<u>35,080</u>	<u>34,199</u>

6. Inventories

	2018 RM'000	2017 RM'000
Raw materials	15,440	15,084
Semi-finished/Finished goods	23,004	26,698
	<u>38,444</u>	<u>41,782</u>
Recognised in profit or loss:		
Inventories recognised as cost of goods sold	<u>41,547</u>	<u>21,896</u>

Security

At 31 March 2018, the entire inventories are pledged with banks for credit facilities granted to the Company as disclosed in Note 9.

7. Trade and other receivables

	2018 RM'000	2017 RM'000
Trade receivables	46,075	19,109
Other receivables	58,434	35,842
	<u>104,509</u>	<u>54,951</u>

Security

At 31 March 2018, the trade receivables are pledged with banks for credit facilities granted to the Company as disclosed in Note 9.

8. Capital and reserves

Share capital

	2018		2017	
	RM'000	RM'000	Number of ordinary shares 2018 '000	Number of ordinary shares 2017 '000
Issued and fully paid				
Ordinary shares	66,528	66,528	6,653	6,653
Non-cumulative redeemable convertible preference shares ("NCRCPs")	120,960	134,496	10,616	10,616
	<u>187,488</u>	<u>201,024</u>	<u>17,269</u>	<u>17,269</u>

	2018	2017
	RM'000	RM'000
Classified as follows:		
Equity		
- Ordinary shares	66,528	66,528
- NCRCPs	28,136	28,136
	94,664	94,664
Liability	92,824	106,360
	<u>187,488</u>	<u>201,024</u>

Reserves

	2018	2017
	RM'000	RM'000
Non-distributable		
Translation reserve	22,132	35,992
Capital reserve	52,366	52,366
Hedging reserve	(2,333)	(1,355)
	72,165	87,003
Accumulated losses	(91,901)	(46,924)
	<u>(19,736)</u>	<u>40,079</u>

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.

8. Capital and reserves (continued)

Non-cumulative redeemable convertible preference shares (continued)

- (d) The Company shall have the rights to create or issue further NRCRPS provided always that they are issued on such terms and conditions that agreeable by the existing NRCRPS holders.
- (e) The NRCRPS 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 NRCRPS at the option of the Company or NRCRPS shareholder at any time after ten years from the date of issue of the NRCRPS.
- (f) The NRCRPS shall be convertible at par value to ordinary shares of the Company of RM10 each at any time at the option of the NRCRPS shareholder.

Based on the above terms, the Company has a potential obligation to deliver cash to the shareholder of the NRCRPS shareholder arising from the non-cumulative coupon of 2.5% per annum and the shareholders' option to redeem the NRCRPS at any time after ten years from the date of issue of the NRCRPS. 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 RM28,136,436 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.

9. Loans and borrowings

	2018 RM'000	2017 RM'000
Non-current		
Term loans - secured	597,551	789,642
Non-convertible redeemable preference shares - unsecured (see Note 8)	111,758	118,023
Advances from a related company	330,958	227,426
	<u>1,040,267</u>	<u>1,135,091</u>
Current		
Term loans - secured	91,849	52,262
Book overdraft - unsecured	--	2,862
Bank overdraft - secured	19,289	--
Working capital loan - secured	13,726	--
	<u>124,864</u>	<u>55,124</u>
	<u>1,165,131</u>	<u>1,190,215</u>

9. Loans and borrowings (continued)

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

	2018 RM'000	2017 RM'000
Issued and fully paid up (Note 8)	92,824	106,360
Accrued interests	18,934	11,663
	<u>111,758</u>	<u>118,023</u>

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.

The bank overdraft and working capital loan is secured by a charge over the inventories and trade receivables of the Company as disclosed in Note 6 and 7 respectively.

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 75:25 (2017: 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.

Reconciliation of movement of liabilities to cash flows arising from financing activities:

	At 1 April 2017 RM'000	Net changes from financing cash flows RM'000	Effect of foreign exchange rate changes RM'000	At 31 March 2018 RM'000
Working capital loan	--	14,785	(1,059)	13,726
Term loans	841,904	(49,127)	(103,377)	689,400
Advances from a related company	227,426	142,688	(39,156)	330,958
Total liabilities from financing activities	<u>1,069,330</u>	<u>108,346</u>	<u>(143,592)</u>	<u>1,034,084</u>

10. Derivative financial liabilities

	2018 RM'000	2017 RM'000
Derivatives liabilities used for hedging which relates to range forward contract and interest rate swap		
- non-current	3,562	4,146
- current	2,199	4,289
	<u>5,761</u>	<u>8,435</u>

10. Derivative financial liabilities (continued)

The Company had interest rate swap with carrying amount of RM5.8 million (2017: RM8.1 million) to hedge the cash flow risk in relation to the floating interest rate of a bank loan (see Note 9).

11. Trade and other payables

	2018 RM'000	2017 RM'000
Trade		
Trade payables	51,250	78,974
Due to ultimate holding company	21,945	24,177
Due to related companies	35,050	9,833
	<u>108,245</u>	<u>112,984</u>
Non-trade		
Other payables	32,517	31,518
	<u>140,762</u>	<u>144,502</u>

12. (Loss)/Profit for the year

	2018 RM'000	2017 RM'000
(Loss)/Profit for the year is arrived at after charging/ (crediting)		
Audit remuneration:		
- Audit fee	110	45
- Non-audit fees	30	18
Personnel expenses (including key management personnel):		
- Contributions to state plans	3,761	3,422
- Wages, salaries and others	50,526	13,897
Rentals of premises	183	163
Foreign exchange:		
- Unrealised loss	2,976	8,480
- Realised loss/(gain)	2,008	(8,071)
Research and development expense		
- Incurred	133,978	22,992
- Amount received from development partner	(76,065)	(10,023)
- Capitalised	(42,461)	(11,519)
- Government grant received	(4,838)	--
Facility charges from development partner	(55,672)	--
	<u>140,762</u>	<u>144,502</u>

13. Acquisition of property, plant and equipment

	2018 RM'000	2017 RM'000
Current year's acquisition of property, plant and equipment	55,708	43,300
Less: Non-fund item capitalised		
- Depreciation	--	(2,713)
- Finance costs capitalised	(3,973)	(29,690)
	<u>51,735</u>	<u>10,897</u>

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

	2018 RM'000	2017 RM'000
Addition of property, plant and equipment	61,384	109,906
Cost reimbursement for construction-in-progress	--	(43,399)
Grant received	(5,676)	(23,207)
	<u>55,708</u>	<u>43,300</u>

14. Taxation

	2018 RM'000	2017 RM'000
Reconciliation of tax expense		
(Loss)/Profit for the year	(44,977)	323
Income tax calculated using Malaysian tax rate of 24%	(10,795)	78
Reversible temporary difference within tax exempt period	10,795	--
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.

15. Financial instruments

15.1 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
2018			
Financial assets			
Trade and other receivables	104,509	104,509	--
Cash and cash equivalents	6,711	6,711	--
	<u>111,220</u>	<u>111,220</u>	<u>--</u>
Financial liabilities			
Loans and borrowings	(1,165,131)	(1,165,131)	--
Trade and other payables	(140,762)	(140,762)	--
Derivatives financial liabilities	(5,761)	--	(5,761)
	<u>(1,311,654)</u>	<u>(1,305,893)</u>	<u>(5,761)</u>
2017			
Financial assets			
Derivatives financial assets	54,951	54,951	--
Trade and other receivables	500	500	--
	<u>55,451</u>	<u>55,451</u>	<u>--</u>
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)
	<u>(1,343,152)</u>	<u>(1,334,717)</u>	<u>(8,435)</u>

15. Financial instruments (continued)

15.2 Net gains and losses arising from financial instruments

	2018 RM'000	2017 RM'000
Net gains/(losses) arising from financial instruments:		
Loans and receivables	(4,984)	(409)
Financial liabilities recognised as amortised cost	(31,737)	(29,848)
Derivatives designated as hedging instrument:		
- Recognised in other comprehensive (expenses)/income	(978)	1,910
	<u>(37,699)</u>	<u>(28,347)</u>

15.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

15.4 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:

	2018 RM'000	2017 RM'000
Not past due	41,535	16,949
Past due 1 - 30 days	4,540	1,825
Past due 31 - 120 days	--	335
	<u>46,075</u>	<u>19,109</u>

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

15. Financial instruments (continued)

15.5 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 - 5 years RM'000	More than 5 years RM'000
2018							
<i>Non-derivative financial liabilities</i>							
Term loan - secured	689,400	3.00 - 5.00	754,554	114,402	153,865	486,287	--
Working capital loan - secured	13,726	2.00 - 7.00	13,726	13,726	--	--	--
Bank overdraft - secured	19,289	2.00 - 7.00	19,289	19,289	--	--	--
Due to ultimate holding company	21,945	--	21,945	21,945	--	--	--
Due to related companies	35,050	--	35,050	35,050	--	--	--
Non-cumulative redeemable convertible preference shares	111,758	2.50	145,240	3,159	3,159	9,474	129,448
Advances from a related company	330,958	--	330,958	--	330,958	--	--
Trade and other payables	83,767	--	83,767	83,767	--	--	--
	<u>1,305,893</u>		<u>1,404,529</u>	<u>291,338</u>	<u>487,982</u>	<u>495,761</u>	<u>129,448</u>
<i>Derivative financial liabilities</i>							
Interest rate swap	5,761	--	2,166	1,093	818	255	--
	<u>1,311,654</u>		<u>1,406,695</u>	<u>292,431</u>	<u>488,800</u>	<u>496,016</u>	<u>129,448</u>
2017							
<i>Non-derivative financial liabilities</i>							
Term loan - secured	841,904	3.00 - 5.00	962,161	87,275	136,270	572,367	166,249
Bank overdraft - unsecured	2,862	3.50 - 7.00	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	10,860	151,941
Advances from a related company	227,426	--	227,426	--	227,426	--	--
Trade and other payables	110,492	--	110,492	110,492	--	--	--
	<u>1,334,717</u>		<u>1,503,372</u>	<u>234,639</u>	<u>367,316</u>	<u>583,227</u>	<u>318,190</u>
<i>Derivative financial liabilities</i>							
Range forward contract	273	--	273	273	--	--	--
Interest rate swap	8,162	--	8,162	4,016	2,434	1,712	--
	<u>1,343,152</u>		<u>1,511,807</u>	<u>238,928</u>	<u>369,750</u>	<u>584,939</u>	<u>318,190</u>

15. Financial instruments (continued)

15.5 Liquidity risk (continued)

* The Company entered into a repricing of its term loan facility during the year and pursuant to it, the interest rate on term loan was revised downwards.

15.6 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 (currencies which is other than the functional currencies of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	EUR RM'000	RM RM'000
2018		
Trade and other receivables	--	25,927
Cash and cash equivalents	--	(19,188)
Trade and other payables	(1,417)	(19,427)
	<u>(1,417)</u>	<u>(12,688)</u>
2017		
Trade and other receivables	--	36,939
Cash and cash equivalents	--	(2,014)
Trade and other payables	(12,024)	(28,854)
	<u>(12,024)</u>	<u>6,071</u>

15. Financial instruments (continued)

15.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2017: 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	
	2018 RM'000	2017 RM'000
EUR	108	914
RM	964	(461)

A 10% (2017:10%) 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 RM689.1 million (2017: RM841.9 million). The interest rate swap has the carrying amount of RM5.8 million (2017: RM8.1 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
2018					
Interest rate swap	5,761	2,166	1,093	818	255
2017					
Interest rate swap	8,162	8,162	4,016	2,434	1,712

During the financial year, a loss of RM0.98 million (2017: a gain of RM1.91 million) was recognised in other comprehensive income.

15. Financial instruments (continued)

15.7 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 Level 2 RM'000	Carrying amount RM'000
2018		
Financial liabilities		
Interest rate swap	5,761	5,761
2017		
Financial liabilities		
Interest rate swap	8,162	8,162
Range forward contract	273	273
	<u>8,435</u>	<u>8,435</u>

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 (2017: 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.

16. 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.

There has been a change in definition of debt in the current year by the management. During 2018, the Company's strategy was to maintain the debt-to equity ratio not more than 75:25 (2017: 70:30). The debt-to-equity ratios at 31 March 2018 and at 31 March 2017 were as follows:

	2018	2017
Debt-to-equity ratio	<u>64:36</u>	<u>70:30</u>

17. Capital commitment

	2018 RM'000	2017 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	<u>25,576</u>	<u>42,382</u>

18. Operating leases

Leases as lessee

Non- cancellable operating lease rentals are payable as follows:

	2018 RM'000	2017 RM'000
Less than one year	<u>28</u>	<u>44</u>

19. 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.

19. Related parties (continued)

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 Note 11.

	2018 RM'000	2017 RM'000
A. Ultimate holding company		
Sale of goods	317	13,806
Recharge of expenses	(14,444)	(1,082)
Purchase of materials	--	(4,058)
Corporate guarantee	(1,935)	(1,860)
	<u> </u>	<u> </u>
B. Immediate holding company		
Recharge of expenses	22	33
	<u> </u>	<u> </u>
C. Related companies		
Reimbursement of expenses	(37,662)	(9,394)
Purchase of intellectual property rights	--	42,277
Recharge of expenses	--	81,862
	<u> </u>	<u> </u>
D. Fees paid to a company in which certain Directors are members	<u> </u>	<u> </u>
	(7)	(6)

20. Comparative figures

Certain comparatives have been reclassified to conform with current year's presentation:

	As restated RM'000	As previously stated RM'000
Statement of financial position		
Prepayment and other assets		
- Non-current	15,560	24,943
- Current	18,639	9,256
	<u> </u>	<u> </u>
Statement of profit or loss and other comprehensive income		
Other expenses	20,497	21,947
Research and development expense	1,450	--
	<u> </u>	<u> </u>

**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 36 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 2018 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

.....
Kiran Mazumdar Shaw
Director

John McCallum Marshall Shaw

.....
John McCallum Marshall Shaw
Director

Date: 25 APR 2018

Biocon Sdn. Bhd.

(Company No. 930330-U)
(Incorporated in Malaysia)

38

**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 36 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 25th April'2018.



.....
Kiran Kumar Gandhirajan

Before me:




No. 18-01, Jalan Bestari 5/2,
Taman Nusa Bestari,
81300 Johor Bahru, Johor

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 3, CIMB Leadership Academy
No. 3, Jalan Medini Utara 1
Medini Iskandar
79200 Iskandar Puteri
Johor Darul Takzim, Malaysia

Telephone +60 (7) 266 2213
Fax +60 (7) 266 2214
Website www.kpmg.com.my

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 2018, 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 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, 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.

Company No. 930330-U

Biocon Sdn. Bhd.
*Independent Auditors' Report for the
Financial Year Ended 31 March 2018*

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.

Company No. 930330-U

Biocon Sdn. Bhd.
Independent Auditors' Report for the
Financial Year Ended 31 March 2018

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.

Company No. 930330-U

Biocon Sdn. Bhd.
*Independent Auditors' Report for the
Financial Year Ended 31 March 2018*

Other Matter

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: 25 APR 2018