

Registration Number: 201528785G
PRESTIGE BIOPHARMA PTE. LTD.
(Incorporated in the Republic of Singapore)

Annual Report
For the financial year ended 30 June 2017

PRESTIGE BIOPHARMA PTE. LTD.

ANNUAL REPORT

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PRESTIGE BIOPHARMA PTE. LTD.

ANNUAL REPORT

CORPORATE DATA

Directors	:	Park Soyeon Michael Kim Jinwoo Tan Ting Yong
Secretary	:	Goldie Discipulo Rojas
Registered Office	:	2 Science Park Drive #04-13/14 Ascent Singapore 118222
Company Registration No.	:	201528785G
Independent Auditor	:	Brandon Soh & Associates PAC 1 Maritime Square #12-06 HarbourFront Centre Singapore 099253
Bankers	:	OCBC Bank UOB Bank

PRESTIGE BIOPHARMA PTE. LTD.
DIRECTORS' STATEMENT
For the financial year ended 30 June 2017

The directors are pleased to present the statement to the members together with the audited financial statements of Prestige Biopharma Pte. Ltd. ("the Company") for the financial year ended 30 June 2017.

1. Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Park Soyeon
Michael Kim Jinwoo
Tan Ting Yong

(Appointed on 3 November 2017)

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

According to the register of directors' shareholding kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 ("the Act"), the directors of the Company who held office at the end of the financial year had no interest in the shares or debentures of the Company and its related corporations except as stated below:

Name of directors in which interests are held	Holdings at start of the year	Holdings at end of the year
Park Soyeon - Ordinary shares	3,304,031	3,199,610
Michael Kim Jinwoo - Ordinary shares	3,304,031	3,199,610

PRESTIGE BIOPHARMA PTE. LTD.
DIRECTORS' STATEMENT
For the financial year ended 30 June 2017

5. Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial period, no directors of the Company, who held office at the end of the financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the directors, or with a firm of which the directors are member, or with a company in which the directors have substantial financial interest.

6. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

7. Auditors

The auditors have expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



.....
PARK SOYEON
Director



.....
MICHAEL KIM JINWOO
Director

Date: 22 OCT 2018



Independent auditor's report

Member of the Company
Prestige Biopharma Pte. Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prestige Biopharma Pte. Ltd. ("the Company"), which comprise the statement of financial position of the Company as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 30 June 2017, and of the financial performance, changes in equity and cash flow of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the corporate data and the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

Independent auditor's report (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor's Report (continued)

Report on the Audit of Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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



BRANDON SOH & ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore

Date: 22 OCT 2018

PRESTIGE BIOPHARMA PTE. LTD.
STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	2017 USD	2016 USD
ASSETS			
Non-current assets			
Intangible assets	4	7,552,630	4,702,245
Plant and equipment	5	273,446	266,777
Loans due from related parties	6	6,215,171	2,299,474
		<u>14,041,247</u>	<u>7,268,496</u>
Current assets			
Other receivables	7	261,235	20,385
Cash at bank	8	4,736,807	733,260
		<u>4,998,042</u>	<u>753,645</u>
Total assets		<u>19,039,289</u>	<u>8,022,141</u>
EQUITY			
Share capital	9	10,898,489	4,898,489
Accumulated losses		(1,875,034)	(455,453)
Total equity		<u>9,023,455</u>	<u>4,443,036</u>
LIABILITIES			
Non-current liabilities			
Other payables	11	53,283	54,507
Loans and borrowings	12	434,754	444,744
		<u>488,037</u>	<u>499,251</u>
Current liabilities			
Trade payables	10	2,822,497	135,423
Other payables	11	895,766	928,123
Loans and borrowings	12	5,809,534	2,016,308
		<u>9,527,797</u>	<u>3,079,854</u>
Total liabilities		<u>10,015,834</u>	<u>3,579,105</u>
Total equity and liabilities		<u>19,039,289</u>	<u>8,022,141</u>

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

PRESTIGE BIOPHARMA PTE. LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 30 June 2017

	Note	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Other income	13	984,585	12,678
Cost of services and consumables used		(402,058)	--
Employees' benefits expenses		(65,204)	(47,333)
Amortisation expense	4	(579,943)	(334,690)
Depreciation expense	5	(100,108)	(24,253)
Other operating expenses		(242,190)	(61,855)
Results from operations		(404,918)	(455,453)
Finance expenses	14	(1,014,663)	--
Loss before tax		(1,419,581)	(455,453)
Income tax expenses	16	--	--
Loss for the year/period	15	(1,419,581)	(455,453)
Other comprehensive income, net of tax		--	--
Total comprehensive income for the year/period attributable to owners of the Company		(1,419,581)	(455,453)

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

PRESTIGE BIOPHARMA PTE. LTD.
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2017

	Share capital USD	Accumulated losses USD	Total USD
At date of incorporation	--	--	--
Total comprehensive income			
Loss for the period	--	(455,453)	(455,453)
Other comprehensive income	--	--	--
Total comprehensive income for the period	--	(455,453)	(455,453)
Transactions with owners			
Issuance of shares	4,898,489	--	4,898,489
Total transactions with owners	4,898,489	--	4,898,489
At 30 June 2016	4,898,489	(455,453)	4,443,036
At 1 July 2016	4,898,489	(455,453)	4,443,036
Total comprehensive income			
Loss for the year	--	(1,419,581)	(1,419,581)
Other comprehensive income	--	--	--
Total comprehensive income for the year	--	(1,419,581)	(1,419,581)
Transactions with owners			
Issuance of shares	6,000,000	--	6,000,000
Total transactions with owners	6,000,000	--	6,000,000
At 30 June 2017	10,898,489	(1,875,034)	9,023,455

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

PRESTIGE BIOPHARMA PTE. LTD.
STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2017

		Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
	Note		
Cash flows from operating activities			
Loss before tax		(1,419,581)	(455,453)
Adjustments for:			
Amortisation of intangible assets	4	579,943	334,690
Depreciation of plant and equipment	5	100,108	24,253
Line and legal fee on loan		53,000	--
Interest expense	14	1,014,663	--
Interest income	13	(983,635)	--
		(655,502)	(96,510)
Changes in working capital:			
Other receivables		(240,850)	(20,385)
Trade and other payables		2,695,229	139,871
Net cash from operating activities		1,798,877	22,976
Cash flows from investing activities			
Acquisition of:			
- Plant and equipment		(106,777)	(291,030)
- Intangible assets		--	(5,036,935)
Development expenditure		(3,430,328)	--
Net cash used in investing activities		(3,537,105)	(5,327,965)
Cash flows from financing activities			
Interest paid		(258,129)	--
Proceeds from:			
- Issuance of share		6,000,000	800,593
- Loans and borrowings		5,000,000	2,461,052
Repayment of loans		(2,026,298)	--
(Decrease)/Increase in amounts due to:			
- A related party		(1,224)	54,507
- Directors		(40,512)	5,021,571
Increase in loans due from a related party		(2,932,062)	(2,299,474)
Net cash from financing activities		5,741,775	6,038,249
Net increase in cash and cash equivalents		4,003,547	733,260
Cash and cash equivalents at 1 July/date of incorporation		733,260	--
Cash and cash equivalents as at 30 June	8	4,736,807	733,260

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

PRESTIGE BIOPHARMA PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2017

These notes form an integral part of the financial statements and should be read in conjunction with the accompanying financial statements.

1 General

PRESTIGE BIOPHARMA PTE. LTD. (“the Company”) is incorporated in the Republic of Singapore with its registered office and place of business at 2 Science Park Drive, #04-13/14 Ascent, Singapore 118222.

The principal activities of the Company are research and experimental development on medical technologies, and general wholesale trade.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.2 Functional and presentation currency

These financial statements are presented in United States dollars (“USD”), which is the Company’s functional currency.

Change in functional currency and presentation currency

With the effect from 1 July 2016, as a result of a change in the underlying transactions, events and conditions relevant to the Company, the functional currency of the Company was changed from Singapore dollars to the United States dollars (“USD”).

In line with the change in functional currency, the presentation currency was changed from Singapore dollars to USD. The comparative information has been re-presented to conform with the current year’s presentation (See Note 23).

2.3 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial period beginning on or after 1 July 2016. The adoption of these standards did not have any material effect on the financial statements.

2 Summary of significant accounting policies (continued)

2.4 Standards issued but not yet effective

The following standards that have been issued but not yet effective are as follows:

	Effective for annual periods beginning on or after
FRS 115: <i>Revenue from Contracts with Customers</i>	1 Jan 2018
FRS 109: <i>Financial Instruments</i>	1 Jan 2018
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 Jan 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 Jan 2017
Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 Jan 2018
FRS 116: <i>Leases Illustrative Examples & Amendments to Guidance on Other Standards</i>	1 Jan 2019

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

2 Summary of significant accounting policies (continued)

2.4 Standards issued but not yet effective (continued)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

2.5 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.6 Intangible assets

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process 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 sell the asset. The expenditure capitalised includes the cost of technologies, patent fees, research and development cost that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in profit or loss as incurred.

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

The estimated useful lives are as follows:

	Useful lives
Intellectual property	10 years
Patents	10 years
Development cost	10 years

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

2 Summary of significant accounting policies (continued)

2.7 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is included as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful life. The estimated useful lives are as follows:

The estimated useful life is as follows:

	Useful life
Laboratories equipment	3 years
Furniture and fittings	3 years
Renovation	3 years

The carrying values of the plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year that asset is derecognised.

2.8 Impairment

(i) Non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2 Summary of significant accounting policies (continued)

2.8 Impairment (continued)

(ii) Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significantly, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest value. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable transaction costs.

2 Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise other receivables, loans due from related parties and cash at bank.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

These financial liabilities comprise trade and other payables, and loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and are subject to an insignificant risk of changes in value.

2.11 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be 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.

2 Summary of significant accounting policies (continued)

2.13 Taxes

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

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax asset is not recognised for temporary differences on the initial recognition of the assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.14 Operating leases

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

2 Summary of significant accounting policies (continued)

2.15 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effects.

2.16 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

3 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3 Significant accounting judgements and estimates (continued)

3.1 Judgements made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of amortisation expenses to be recorded at each financial period.

The carrying amount of the Company's intangible assets as at the reporting date was USD 7,552,630 (2016: USD 4,702,245).

b) Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes in account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly.

The carrying amount of the Company's plant and equipment as at the reporting date was USD 273,446 (2016: USD 266,777).

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4 Intangible assets

	Intellectual property (a) USD	Development costs (b) USD	Acquisition cost USD	Patents USD	Total USD
Cost					
At date of incorporation	--	--	--	--	--
Additions	4,978,132	--	--	58,803	5,036,935
At 30 June 2016	4,978,132	--	--	58,803	5,036,935
At 1 July 2016	4,978,132	--	--	58,803	5,036,935
Additions	--	333,624	3,084,675	12,029	3,430,328
At 30 June 2017	4,978,132	333,624	3,084,675	70,832	8,467,263
Accumulated amortisation					
At date of incorporation	--	--	--	--	--
Amortisation charged for the period	331,875	--	--	2,815	334,690
At 30 June 2016	331,875	--	--	2,815	334,690
At 1 July 2016	331,875	--	--	2,815	334,690
Amortisation charged for the year	497,813	33,362	41,907	6,861	579,943
At 30 June 2017	829,688	33,362	41,907	9,676	914,633
Carrying value					
At 30 June 2017	4,148,444	300,262	3,042,768	61,156	7,552,630
At 30 June 2016	4,646,257	--	--	55,988	4,702,245

- (a) Intellectual property ("IP") relates to a certain medical technology that was developed and invented by a third party, Hanwha Chemical Corporation ("HWCC"), a Korean corporation. HWCC and a related party, Prestige BioResearch Pte. Ltd. ("PBR") (previously known as PWG Genetics Pte. Ltd.), a Singapore registered entity, entered into an Asset Purchase Agreement ("AP Agreement") to acquire the IP for a purchase consideration of KRW 5,500,000,000 (equivalent to USD 4,978,132) to be settled over 2 payments i.e. an upfront payment and a final payment.

A series of amendments ("the Amendments") were made to the original AP Agreement which included clarification of certain issues on the IP, request for additional time by each party and additional intellectual property. PBR had then paid the upfront payment but not the final payment while HWCC had completed the transfer of the IP but not the transfer of the IP patents.

On 13 November 2015, the Company, PBR and HWCC entered into a Novation Agreement to novate the IP rights to the Company. Under the terms of the Novation Agreement, PBR transferred all its rights, benefits, obligations and liabilities under the AP Agreement and Amendments to the Company; and HWCC agreed to perform all the remaining obligations under the AP Agreement and Amendments after the Company completes the final payment in place of PBR. Accordingly, both the upfront and final payments of the IP were settled by the Company's directors on behalf of the Company.

4 Intangible assets (continued)

- (a) The Company then recorded the IP in its books and recognise as an intangible asset in the statement of financial position. As at the reporting date, after management's assessment of the recoverable amount of the intangible assets, no impairment was necessary.
- (b) Development costs are expenditures which the Company undertook to develop new medical products i.e. HD201. These expenditures are capitalised as intangible assets in the statement of financial position as the products are expected to be commercially viable.

Upon the completion of the commercialisation of these products, these development costs are charged to the profit or loss as amortisation expenses based on the useful life of the assets on a straight-line basis.

As at the reporting date, management assessed the recoverable amount of the intangible assets and concluded no impairment was necessary.

5 Plant and equipment

	Laboratories equipment USD	Furniture and fittings USD	Renovation USD	Total USD
Cost				
At date of incorporation	--	--	--	--
Additions	291,030	--	--	291,030
At 30 June 2016	291,030	--	--	291,030
At 1 July 2016	291,030	--	--	291,030
Additions	--	23,029	83,748	106,777
At 30 June 2017	291,030	23,029	83,748	397,807
Accumulated depreciation				
At date of incorporation	--	--	--	--
Depreciation charged for the period	24,253	--	--	24,253
At 30 June 2016	24,253	--	--	24,253
At 1 July 2016	24,253	--	--	24,253
Depreciation charged for the year	97,010	640	2,458	100,108
At 30 June 2017	121,263	640	2,458	124,361
Carrying amount				
At 30 June 2017	169,767	22,389	81,290	273,446
At 30 June 2016	266,777	--	--	266,777

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6 Loans due from related parties

	2017 USD	2016 USD
Non-current asset		
Loan 1	1,897,400	--
Loan 2	4,317,771	2,299,474
	<u>6,215,171</u>	<u>2,299,474</u>

(a) Loan 1

On 1 July 2016, subsequent to the approval of the shareholders' resolution passed during the year, the Company entered into a loan agreement with a related party, an entity incorporated in the Republic of Korea where the directors of the Company have interest in. In this agreement, a term loan facility of USD 1,730,000 was avail to the related party.

The interest of these loans are charged at 3% per month and have a tenure up to 10 years from the date of disbursement. The related party drew down the entire facility during the financial year. Accordingly, it was classified as a non-current asset as at the reporting date.

The Company is entitled an option to convert the loan and related accrued or outstanding interest into the common shares of the related party upon mutual agreement for the conversion price any time during the tenure of the loan. The directors of the Company have the option to either waive or convert the interest into common shares of the related party.

As at the reporting date, the carrying amounts of these balances are denominated in the United States dollar.

(b) Loan 2

In prior year, subsequent to the approval of the shareholders' resolution passed during the year, the Company entered into a loan agreement with a related party, an entity incorporated in Singapore where the directors of the Company have interest in. In this agreement, a term loan facility of \$1,394,000 (equivalent to USD 1,033,358) and USD 1,266,116 was avail to the related party. During the year, an additional USD 1,202,062 was avail to the related party.

The interest of these loans are charged at 3% per month for the first month for the first USD 2,000,000 and 2% per month thereafter. For the following USD 460,000 and \$1,464,200, the rate of interest of these loans are charged at 3% per month. These loans have a tenure up to 10 years from the date of disbursement. The related party drew down the entire facility during the financial year.

The currency profile of the loans as at the reporting date are as follows:

	2017 USD	2016 USD
Singapore dollar	1,415,871	1,033,358
United States dollar	4,799,300	1,266,116
	<u>6,215,171</u>	<u>2,299,474</u>

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7 Other receivables

	2017	2016
	USD	USD
Third parties:		
- GST receivables	218,494	20,385
- Deposits	42,741	--
	261,235	20,385

As at the reporting date, the carrying amounts of these balances are denominated in Singapore dollar.

8 Cash at bank

The currency profile of cash at bank as at the reporting date is as follows:

	2017	2016
	USD	USD
Singapore dollar	122,021	10,033
United States dollar	4,614,786	723,227
	4,736,807	733,260

9 Share capital

	Note	No. of shares	2017 USD	No. of shares	2016 USD
Issued and fully paid ordinary shares					
At 1 July/date of incorporation	(i)	6,608,062	4,898,489	50,000	37,064
Issuance of shares at \$1 per share	(ii)	--	--	6,558,062	4,861,425
Issuance of shares at USD 13.36 and USD 17.96 per share	(iii)	353,305	6,000,000	--	--
At 30 June		6,961,367	10,898,489	6,608,062	4,898,489

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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9 Share capital (continued)

- (i) In prior year, pursuant to the minutes of first board meeting, the Company issued 50,000 ordinary shares at \$1 per share.
- (ii) In prior year, pursuant to the directors' and shareholders' resolutions, the Company issued 6,558,062 ordinary shares at \$1 per share.
- (iii) On 28 December 2016 and 7 June 2017, pursuant to the directors' and shareholders' resolutions, the Company issued 74,850 and 278,455 ordinary shares at USD 13.36 and USD 17.96 per share respectively .

10 Trade payables

	2017 USD	2016 USD
Trade payables:		
- Third parties	2,156,555	135,423
- Related party	665,942	--
	<u>2,822,497</u>	<u>135,423</u>

Trade payables are non-interest bearing and are normally settled on 30 to 90 days.

The currency profile of trade payables as at the reporting date is as follows:

	2017 USD	2016 USD
Korean Won	114,530	--
Singapore dollar	781,967	80,246
United States dollar	1,926,000	55,177
	<u>2,822,497</u>	<u>135,423</u>

11 Other payables

		2017 USD	2016 USD
Non-current liabilities			
Amount due to a related party	(a)	<u>53,283</u>	<u>54,507</u>
Current liabilities			
Amount due to directors	(b)	883,163	923,675
Accruals	(c)	12,603	4,448
		<u>895,766</u>	<u>928,123</u>

(a) Amount due to a related party

These balances were non-trade in nature, unsecured, interest-free and no fixed repayment term. Accordingly, it was classified as "non-current" liabilities in the statement of financial position as at the reporting date.

As at the reporting date, the carrying amounts of these balances are denominated in Singapore dollar.

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11 Other payables (continued)

(b) Amount due to directors

These balances are non-trade in nature, unsecured, interest-free and are repayable on demand.

As at the reporting date, the carrying amounts of these balances are denominated in Singapore dollar.

(c) Accruals

As at the reporting date, the carrying amounts of these balances are denominated in Singapore dollar.

12 Loans and borrowings

	2017 USD	2016 USD
Non-current liabilities	434,754	444,744
Current liabilities	5,809,534	2,016,308
	6,244,288	2,461,052

As at the reporting date, the Company's loans are as follows:

		2017 USD	2016 USD
Non-current liabilities			
Loan I	(a)	434,754	444,744
Current liabilities			
Loan II	(b)	3,699,534	--
Loan III	(c)	2,110,000	2,016,308
		5,809,534	2,016,308

(a) Loan I

On 5 January 2016, the Company entered into a loan agreement with a third party, in the Republic of Korea, for a term loan facility avail to the Company at an amount of \$1,200,000 (equivalent to USD 869,565). The purpose of the term loan was only be used for all costs and expenses required for operation of the Company.

Upon utilisation of the term loan, the loan is interest-free and is for a tenure of 10 years with 5 years of deferred payment period following the final maturity date. The Company must then repay the loan in full as one lump sum on or within 5 years following the final maturity date.

Under the terms of the loan agreement, the third party is entitled to an option to convert the loan into common shares of the Company upon mutual agreement for the conversion price any time during the tenure of the loan.

In prior year, the Company has utilised \$599,960 (equivalent to USD 434,754 (2016: USD 444,744)) of the term loan and the loan is expected to mature on 4 January 2026. The carrying amounts of the loan is denominated in Singapore dollar.

12 Loans and borrowings (continued)

(b) Loan II

On 10 December 2016, the Company entered into a loan agreement with a third party, in Australia, for a term loan facility avail to the Company at an amount of USD 3,000,000. The term loan also includes a transaction cost amounted to USD 53,000. The purpose of the term loan was only be used for all costs and expenses required for the development of the particular medical products of the Company.

Upon utilisation of the term loan, an interest is charged at 3% per month. Total interest accrued as at the reporting date was amounted to USD 646,534. The term loan is payable 11 months after the drawdown date i.e. 15 December 2016.

Under the terms of the loan agreement, the third party is entitled to an option to convert the loan into common shares of the Company upon mutual agreement for the conversion price any time during the tenure of the loan.

As at the reporting date, the Company has utilised USD 3,000,000 of the term loan and the loan is expected to mature on 31 October 2017. The carrying amounts of the loan is denominated in the United States dollar.

(c) Loan III

In prior year, the Company entered into a loan agreement with a third party, in Singapore, for a term loan facility avail to the Company at an amount of USD 2,016,308. The purpose of the term loan was only be used for all costs and expenses required to carry out the third stage of the clinical trials on a particular medical product currently developed by the Company.

Upon utilisation of the term loan, an interest is charged at 3% per month for the first month from the utilisation date and 2% per month thereafter. The Company is expected to repay the loan and all accrued interest on the loan in full as one lump sum on the final maturity date which is 6 months from the date of the utilisation date. The loan is charged to a related party and is guaranteed jointly and severally by the Company's directors.

As at the reporting date, the Company has utilised USD 2,016,308 of the term loan. The loan matured on 15 December 2016 and was fully settled in the current year. The loan was denominated in the United States dollar.

On 13 January 2017, the third party became a shareholder of the Company. On 5 April 2017, the Company entered into a loan agreement with this shareholder for a term loan facility avail to the Company at an amount of USD 2,000,000. The purpose of the term loan was only be used for the lending to a related party for the purchase of the land.

Upon utilisation of the term loan, the interest is charged at 2.5% per month. Total interest accrued as at the reporting date was amounted to USD 110,000. The Company is expected to repay the loan and all accrued interest on the loan on the date falling 6 months from the date of the Utilisation Date. The loan is guaranteed jointly and severally by the Company's directors.

As at the reporting date, the Company has utilised USD 2,000,000 of the term loan. The carrying amounts of the loan is denominated in the United States dollar.

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13 Other income

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Interest income on loans due from related parties	983,635	--
Miscellaneous income	950	12,678
	984,585	12,678

14 Finance expenses

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Interest expenses on loans from:		
- A shareholder	368,129	--
- Third party	646,534	--
	1,014,663	--

15 Loss for the year/period

The following items have been included in arriving at loss for the year/period:

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Amortisation	579,943	334,690
Depreciation	100,108	24,253
Employees' benefits (see below)	65,204	47,333
Directors' remuneration	46,402	44,477
Staff salaries and bonus	11,367	--
Contribution to Central Provident Funds	7,435	2,856
	65,204	47,333

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16 Income tax expenses

The major components of income tax expenses recognised in profit or loss for the year/period ended 30 June 2017 and 2016:

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
--	---	--

Statement of profit or loss

Current income tax

- Current year/period	--	--
-----------------------	----	----

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year/period ended 30 June 2017 and 2016 were as follows:

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Loss before tax	(1,419,581)	(455,453)
Tax calculated using corporate tax rate at 17%	(241,329)	(77,427)
Tax effects on:		
- Non-deductible expenses	115,609	61,022
- Losses not recognised as deferred tax assets	125,720	16,405
	--	--

17 Operating lease commitment

Non-cancellable operating lease rentals are payable as follows:

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Within one year	154,109	--
Within 2 years to 5 years	303,082	--

The Company leases an office under operating lease. The lease typically run for a period of 3 years, with an option to renew the lease after that date.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 June 2017 amounted to USD 12,842 (2016: USD Nil).

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18 Significant related party transactions

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

(i) Related company transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with the Company and its related parties took place at terms agreed between the parties during the financial year:

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Related parties		
- Interest income	983,635	--
- Laboratory expenses	64,860	--
- R&D expenses	330,576	--
- Miscellaneous income	--	12,678
- Development cost (Note 4)	333,624	--
- Novation of intellectual property (Note 4)	--	4,978,132
A shareholder		
- Finance expenses	348,129	--

(ii) Key management personnel compensation

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

	Period from 1/7/2016 to 30/6/2017 USD	Period from 13/7/2015 to 30/6/2016 USD
Directors' remuneration	46,402	44,477
Contributions to defined contribution plan	5,946	2,856

(iii) Loans and borrowings

	2017 USD	2016 USD
At 1 July/date of incorporation	2,016,308	2,016,308
Repayment of loan	(2,016,308)	--
Loan from a shareholder	2,000,000	--
Interest accrued	110,000	--
At 30 June	2,110,000	2,016,308

19 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade receivables and cash at banks. The exposure to credit risk on trade receivables is monitored on an ongoing basis by management and these are considered recoverable by management. The Company's cash deposits are placed with banks which are regulated.

As at the reporting date, there was no significant concentration of credit risk. The Company performs on-going credit evaluation of its customer's financial conditions, credit policies and credit control and debt collection procedures.

Exposure to credit risk

The carrying amount of financial assets in the statement of financial position amounting to USD 10,994,719 (2016: USD 3,032,734) represents the Company's maximum exposure to credit risk as at the reporting date.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipts cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company.

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19 Financial risk management (continued)

(ii) Liquidity risk (continued)

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount USD	Contractual cash flows USD	One year or less USD	Two to five years USD	More than five years USD
2017					
Financial liabilities					
Trade payables	2,822,497	(2,822,497)	(2,822,497)	--	--
Other payables	12,603	(12,603)	(12,603)	--	--
Amount due to a related party	53,283	(53,283)	(53,283)	--	--
Amount due to directors	883,163	(883,163)	(883,163)	--	--
Loans and borrowings	6,244,288	(6,802,913)	(6,368,159)	--	(434,754)
Total undiscounted financial liabilities	10,015,834	(10,574,459)	(10,139,705)	--	(434,754)
2016					
Financial liabilities					
Trade payables	135,423	(135,423)	(135,423)	--	--
Other payables	4,448	(4,448)	(4,448)	--	--
Amount due to a related party	54,507	(54,507)	--	(54,507)	--
Amount due to directors	923,675	(923,675)	(923,675)	--	--
Loans and borrowings	2,461,052	(2,723,172)	(2,278,428)	--	(444,744)
Total undiscounted financial liabilities	3,579,105	(3,841,225)	(3,341,974)	(54,507)	(444,744)

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company incurs financial liabilities in order to manage market risks.

(i) Foreign currency risk

The Company's foreign currency risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk.

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19 Financial risk management (continued)

(iii) Market risk (continued)

(i) Foreign currency risk (continued)

As at the reporting date, the Company's exposure to foreign currency risk is as follows:

	Korean Won 2017 USD	Singapore dollar 2017 USD	Singapore dollar 2016 USD
Financial assets			
Other receivables	--	261,235	20,385
Loans due from related parties	--	1,415,871	1,033,358
Cash at bank	--	122,021	10,033
	--	1,799,127	1,063,776
Financial liabilities			
Loans and borrowings	--	(434,754)	(444,744)
Trade payables	(114,530)	(781,967)	(80,246)
Other payables	--	(949,049)	(982,630)
	(114,530)	(2,165,770)	(1,507,620)
Net currency exposures	(114,530)	(366,643)	(443,844)

Sensitivity analysis

A 10% strengthening of the United States dollar against the foreign currency denominated balance as at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2017 USD	2016 USD
Korean Won	(11,453)	--
Singapore dollar	(36,664)	(44,384)

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

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19 Financial risk management (continued)

(iii) Market risk (continued)

(ii) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2017	2016
	USD	USD
Fixed rate instruments		
Loans and borrowings	5,809,534	--
Variable rates instruments		
Loans and borrowings	--	2,016,308

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

20 Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances (including loans due from related parties and amount due to a related party and directors) approximate their fair values due to the short-term nature of these balances.

Trade payables

The carrying amounts of these payables approximate their fair values as they are subject to normal trade credit terms.

Loans and borrowings

The carrying amounts of certain loans and borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

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21 Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2017 USD	2016 USD
Loans and receivables		
Loans due from related parties	6,215,171	2,299,474
Other receivables	42,741	--
Cash at bank	4,736,807	733,260
	<u>10,994,719</u>	<u>3,032,734</u>
Financial liabilities measured at amortised cost		
Trade payables	2,822,497	135,423
Loans and borrowings	6,244,288	2,461,052
Other payables	949,049	982,630
	<u>10,015,834</u>	<u>3,579,105</u>

22 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year/period ended 30 June 2017 and 2016. The Company's overall strategy remains unchanged from the 2016.

23 Comparative information

- (i) Comparative figures have been re-presented as a result of the change in functional and presentation currencies (Note 2.2).
- (ii) The financial statements for the year ended 30 June 2016 covered the financial period from 13 July 2015 ("date of incorporation") to 30 June 2016 whereas the financial statements for 30 June 2017 covered a twelve months' period. Therefore, the comparative amounts for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and related notes are not entirely comparable.

24 Events occurring after the reporting period

- (a) On 30 May 2018, pursuant to a directors' resolution passed, the Company allotted and issued 907,545 Ordinary Shares ("OS"). The issuance was made by way of issuing 907,545 OS at USD 19.06 per share, amounting to USD 17,300,000 in reference to Loan Agreement originally dated 5 April 2017 as Amended and Restated by an Amendment, Restatement and Confirmations Deed dated 3 November 2017 as Further Amended and Restated by an Amendment, Restatement and Confirmations Deed dated 30 May 2018.
- (b) Subsequent to the year-end, pursuant to the resolutions passed on 11 April 2018 and 7 June 2018, the Company incorporated 2 subsidiaries namely Prestige BioPharma Belgium bvba and Prestige BioPharma Australia Pty Ltd respectively for scientific research services.

25 Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the Directors' Statement.