PRESTIGE BIOPHARMA PTE LTD
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial years ended June 30, 2018 and 2017

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

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AND ITS SUBSIDIARIES

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Contents

Prestige Biopharma Pte Ltd and its subsidiaries
Consolidated Statements of Comprehensive Income
June 30, 2018 and 2017

(in USD)	Notes	2018 $	2017 $
Revenue		-	-
Other income			
-Finance income	20	13,892	82,998
-Others		14,744	-
		28,636	82,998
Other gains/(losses)			
-Impairment losses on financial assets	4.1.2	(173,503)	(1,519,640)
-Others	19	1,061,886	(91,707)
Expenses by nature			
-Research and development		(1,243,312)	(233,436)
-Wages and salaries		(560,894)	(65,205)
-Legal and professional		(439,982)	(153,457)
-Depreciation		(218,720)	(100,109)
-Rental on operating leases		(151,223)	(12,842)
-Promotional and marketing		(91,379)	(78,220)
-Other employee benefits		(48,787)	-
-Freight		(13,081)	(143)
-Finance costs	20	(227)	-
-Others		(178,151)	(75,140)
Total expenses		(2,945,756)	(718,552)
Loss before income tax		(2,028,737)	(2,246,901)
Income tax expense	15	-	-
Loss for the year		(2,028,737)	(2,246,901)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss :			
Exchange differences	17	1,877	-
Other comprehensive income for the year, net of tax		1,877	-
Total comprehensive loss for the year		(2,026,860)	(2,246,901)
Total comprehensive loss attributable to owners		(2,026,860)	(2,246,901)
Basic losses per share	21	(0.29)	(0.34)
Diluted losses per share	21	(0.29)	(0.34)

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

Prestige Biopharma Pte Ltd and its subsidiaries
Consolidated Statements of Comprehensive Income
June 30, 2018 and 2017

(in USD)	**Notes**	**June 30, 2018**	**June 30, 2017**	**July 1, 2016 (Unaudited)**
		$	$	$
Assets				
Current assets				
Cash and cash equivalents	7	3,336,383	4,736,807	733,259
Other assets	10	229,056	218,493	44,204
Loans and other receivables	9	13,405	1,850,000	-
		3,578,844	6,805,300	777,463
Non-current assets				
Property, plant and equipment	11	799,007	283,248	266,778
Intangible assets	12	26,143,239	9,146,693	5,410,560
Financial assets at fair value through profit or loss	8	5,444,794	1,748,445	-
Loans and other receivables	9	-	-	2,167,578
Other assets	10	46,020	42,741	
		32,433,060	11,221,127	7,844,916
Total assets		36,011,904	18,026,427	8,622,379
Liabilities				
Current liabilities				
Trade and other payables	13	4,791,873	3,676,440	1,798,642
Borrowings	14	6,061,500	5,809,534	2,040,000
		10,853,373	9,485,974	3,838,642
Non-current liabilities				
Borrowings	14	34,679	27,282	23,665
Trade and other payables	13	9,778	-	-
		44,457	27,282	23,665
Total liabilities		10,897,830	9,513,256	3,862,307
Equity				
Share capital	16	28,198,489	10,898,489	4,898,489
Capital contribution	17	1,327,763	-	-
Translation reserve	17	1,877	-	-
Accumulated losses	18	(4,414,055)	(2,385,318)	(138,417)
Total equity attributable to equity holders of the Company		25,114,074	8,513,171	4,760,072
Total liabilities and equity		36,011,904	18,026,247	8,622,379

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

Prestige Biopharma Pte Ltd and its subsidiaries
Consolidated Statements of Changes in Equity
Years Ended June 30, 2018 and 2017

(in USD)		Attributable to equity holders of the Company				
	Notes	**Share capital**	**Capital contribution**	**Translation reserve**	**Accumulated losses**	**Total equity**
		$	$	$	$	$
Balance at July 1, 2017		10,898,489	-	-	(2,385,318)	8,513,171
Loss for the year		-	-	-	(2,028,737)	(2,028,737)
Other comprehensive income						
Exchange differences	17	-	-	1,877	-	1,877
Total comprehensive loss for the year		-	-	1,877	(2,028,737)	(2,026,860)
Transactions with owners						
Conversion of convertible loan	16	17,300,000	-	-	-	17,300,000
Waiver of interest from a share holder	17	-	1,327,763	-	-	1,327,763
Total transactions with owners		17,300,000	1,327,763	-	-	18,899,151
Balance at June 30, 2018		28,198,489	1,327,763	1,877	(4,414,055)	25,114,074
Balance at July 1, 2016 (Unaudited)		4,898,489	-	-	(138,417)	4,760,072
Loss for the year		-	-	-	(2,246,901)	(2,246,901)
Total comprehensive loss for the year		-	-	-	(2,246,901)	(2,246,901)
Transactions with owners						
Proceeds from issuance of shares	16	6,000,000	-	-	-	6,000,000
Total transactions with owners		6,000,000	-	-	-	6,000,000
Balance at June 30, 2017		10,898,489	-	-	(2,385,318)	8,513,171

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

Prestige Biopharma Pte. Ltd. and subsidiaries
Consolidated Statements of Cash Flows
June 30, 2018 and 2017

(in USD)	Notes	2018	2017
		$	$
Cash (used in)/generated from operations	22	(582,824)	1,048,642
Cash used for investing activities			
Additions to property, plant and equipment[1]		(722,707)	(106,777)
Additions to for intangible assets		(14,942,416)	(2,756,514)
Loan to director-related company[2]		(1,983,163)	(2,932,062)
Interest paid		(1,115,387)	(260,000)
Additions to other receivables		(3,279)	(42,741)
Net cash used for investing activities		(18,766,952)	(6,098,094)
Cash flows from financing activities			
Proceeds from issuance of share capital		-	6,000,000
Proceeds from borrowings		21,000,000	5,053,000
Repayments of borrowings		(3,053,000)	(2,000,000)
Repayments of finance lease liabilities		(654)	-
Net cash inflow from financing activities		17,946,346	9,053,000
Net (decrease)/increase in cash and cash equivalents		(1,403,430)	4,003,548
Cash and cash equivalents at the beginning of the financial year		4,736,807	733,259
Effects of exchange rate changes on cash and cash Equivalents		3,006	-
Cash and cash equivalents at the end of the year	7	3,336,383	4,736,807

Non cash transactions:

1. During the financial year ended June 30, 2017, the Company had recorded a provision for restoration cost amounting to $9,802.
2. During the financial year ended June 30, 2018, a part of the loan given to a related party Prestige Bioresearch Pte Ltd amounting to $689,960 was satisfied via research services provided by the related party in connection with the development of certain intangible assets of the Group.

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

1. General information

Prestige Biopharma Pte Ltd (the "Company"), was incorporated in the Republic of Singapore, on July 13, 2015 with an issued share capital of 50,000 shares. The principal activities is to research, develop and market new anticancer drugs and biosimilars.

The principal activity of the subsidiaries of the Company is disclosed in Note 1.1.

As at June 30, 2018, its major shareholders are as follows:

	2018		2017	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
Park Soyeon	3,217,013	40.88%	3,304,031	47.46%
Kim Michael Jinwoo	3,217,013	40.88%	3,304,031	47.46%
Octava Pte Ltd	1,434,886	18.24%	353,305	5.08%
	7,868,912	100.00%	6,961,367	100.00%

1.1 Consolidated subsidiaries

Details of the consolidated subsidiaries as at June 30, 2018 and 2017, are as follows:

		2018	2017		
	Location	Ownership interest held by the Group (%)	Ownership interest held by the Group (%)	Financial year end	Principal activities
Prestige Biopharma Australia Pty Ltd	Australia	100	*	June	Scientific Research Studies
Prestige Biopharma Belgium BVBA	Belgium	99	*	June	Scientific Research Studies

*As at June 30, 2017 the Group did not have any equity interest in these subsidiaries as they were incorporated during the financial year ended June 30, 2018. As a result, these subsidiaries were included in the consolidation for the financial year ended June 30, 2018.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Going concern assumption

As at June 30, 2018, the Group's current liabilities exceeded its current assets by $7,274,529 (2017: $2,680,674). Notwithstanding this, the financial statements have been prepared on a going concern basis as the directors are of the opinion that the Group has sufficient funds to meet its obligations as and when they fall due. See Note 24 for funding received subsequent to the financial year ended June 30, 2018.

2.2 Early adoption of new accounting standards

The Group has elected to early adopt IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with customers* for the annual period commencing July 1, 2016. The Company has adopted IFRS 9 and IFRS 15 in accordance with the transitional provisions of these Standards. The adoption of these standards did not have a material impact on the financial statements as disclosed in Note 2.4.

2.3 First time adoption

The financial statements for the year ended June 30, 2017 are the first set of financial statements the Group prepared in accordance with IFRS. The Group's previously issued financial statements for periods up to and including the financial year ended June 30, 2016 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

Upon adoption of IFRS on July 1, 2017, the Group is required to apply all of the specific transitional requirements in IFRS 1 First-time Adoption of IFRS.

2. Significant accounting policies (continued)

2.3 First time adoption (continued)

Under IFRS 1, these financial statements are required to be prepared using accounting policies that comply with IFRS effective as at July, 1 2016. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under IFRS 1.

The Group's opening balance sheet has been prepared as at July, 1 2016, which is the Group's date of transition to IFRS ("date of transition").

There were no material adjustments to the Company and the Group's financial position, changes in equity and cash flow arising from the transition from SFRS to IFRS.

2.4 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing July, 1 2016. The adoption of these amendments did not have a material impact on the financial statements.

- IFRS 9 *Financial Instruments*

The Group has early adopted of IFRS 9 *Financial Instruments* for its financial year beginning on July 1, 2016. In accordance with the transitional provisions in IFRS 9, comparative figures are not restated, and the differences between previous book amounts and book amounts at the date of initial application are recognised in the opening retained earnings. There is no impact on the opening retained earnings as a result of the adoption of the standard.

-IFRS 15 *Revenue from Contracts with Customers*

The Group early adopted of IFRS 15 Revenue from Contracts with Customers for its financial year beginning on July 1, 2016. In accordance with the transitional provisions in IFRS 15, comparative figures are not restated. As the Group has not recognised any revenue prior to July 1, 2016, there is no impact on the opening retained earnings as a result of to the adoption of the standard.

2. Significant accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

- Amendments to IAS 7 *Statement of Cash Flows*

Amendments to International Accounting Standard ("IAS") 7 *Statement of Cash flows* require to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows (Note 21).

- Amendments to IAS 12 *Income Tax*

Amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value. IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments issued clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice.

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations that have been published that are not mandatory for annual reporting period commencing July 1, 2016 and have not been early adopted by the Group are set out below.

- Enactment of IFRS 16 *Leases*

IFRS 16 *Leases* issued in January 2016 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. This standard will replace IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases-Incentives*, and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. Also, at the date of initial application, the ent ity shall assess whether the contract is, or contains, a lease in accordance with the standard. However, the entity will not need to reassess all contracts as the entity elected to apply the practical expedient only to contracts entered before the date of initial application.

2. Significant accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted by the Group (continued)

- Enactment of IFRS 16 *Leases* (continued)

For a contract that is, or contains, a lease, the entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessee may elect not to apply the requirements to short-term lease (a lease term of 12 months or less at the commencement date) and low value assets (e.g. underlying assets below $ 5,000). In addition, as a practical expedient, the lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

A lessee shall apply this standard to its leases either:

- retrospectively to each prior reporting period presented applying IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Full retrospective application); or

- retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

As at the reporting date, the Group has non-cancellable operating lease commitments of $326,568 (Note 11). The Group is in the process of determining the impact of the adoption of this standard on its financial statements, however based on the Group’s preliminary assessment, the Group does not expect the adoption of this standard to have a material impact to the financial statements of the Group in the period of initial adoption.

2.5 Consolidation

The Group has prepared the consolidated financial statements in accordance with *IFRS 10 Consolidated Financial Statements*.

2. Significant accounting policies (continued)

2.5 Consolidation (continued)

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recoded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A changed in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the changed in carrying amount recognised in profit or loss.

2. Significant accounting policies (continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in US Dollar, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2. Significant accounting policies (continued)

2.7 Financial assets

(a) Classification

From July 1, 2016, the Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) Measurement (continued)

(i) Debt instruments (continued)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within 'other income or expenses' in the year in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognised in profit or loss as 'other income' when the right to receive payments is established.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) Measurement (continued)

(ii) Equity instruments (continued)

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other income and expenses' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4.1.2 details how the Group determines whether there has been a significant increase in credit risk.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised or derecognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. The Group classified the financial liability as "borrowings" in the statement of financial position.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2. Significant accounting policies (continued)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure relating to property and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation of all property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Laboratory equipment	3 years
Furniture and fittings	3 years
Computers	3 years
Office equipment	3 years
Renovation	Lower of useful life and lease term

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2.9 Intangible assets

Intangible assets, except for goodwill, are initially recognised at its historical cost, and carried at cost less accumulated amortisation and accumulated impairment losses.

Intellectual property rights, development costs and patents acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation will commence when the related product is ready for its intended use or sale.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date.

2. Significant accounting policies (continued)

2.9 Intangible assets (continued)

New development projects are processed through phases of discovery which includes preclinical trial, phase 1 clinical trial, phase 2 clinical trial, phase 3 clinical trial, request for government approval, completion of government approval and sales of products. Development costs are recognised as intangible assets when all the following criteria are met:

- it is technically feasible to complete the intangible assets so that it will be available for use;
- management intends to complete the intangible assets and use or sell it;
- there is an ability to use or sell the intangible assets;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use to sell the intangible assets are available; and
- the expenditure attributable to the intangible assets during its development can be reliably measured.

Other development expenditure that do not meet the criteria listed above are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount in profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. An impairment loss for an asset is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

2. Significant accounting policies (continued)

2.11 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortised cost and present as 'trade and other payables', 'borrowings', and 'other liabilities' in the statement of financial position.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible loans

The total proceeds from convertible loans issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible loans. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

2. Significant accounting policies (continued)

2.12 Borrowings (continued)

(b) Convertible loans (continued)

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2.13 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognised as finance costs in the statement of comprehensive income.

2.14 Current and deferred tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognises current income tax on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2. Significant accounting policies (continued)

2.14 Current and deferred tax (continued)

The Group recognises a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognises a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis.

2.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the development of intangible assets. This includes those costs on borrowings acquired specifically for the development of intangible assets, as well as those in relation to general borrowings used to finance the intangible assets

Where funds are borrowed generally and used for financing intangibles assets, the borrowing costs are eligible for capitalisation and can be determined by applying a capitalisation rate to the expenditure on the intangible assets. The capitalization rate should be the weighted average of the borrowing rates applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of acquiring the intangible assets. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during the period.

2.16 Employee benefits

Post-employment benefits

The Group operates defined contribution plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution have been paid. The contribution are recognised as employee benefit expense when they are due.

2. Significant accounting policies (continued)

2.17 Revenue recognition

(a) Sale of goods

The Group produces and sells pharmaceutical products. Sales are recognised at point in time when control of the products has transferred to its customer, being when the right to payment accrues, significant risks and rewards of ownership are transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) License fee

The Group grants exclusive rights to customers to register, market, manufacture, sell or distribute the Group's products in certain territories as specified in the license agreement. Consideration is received subject to the completion of certain milestones.

2.18 Interest income

Interest income is recognised using the effective interest method and is recognised over time.

2.19 Lease

A lease is an agreement, whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments made under operating leases are charge to profit or loss on a straight-line basis over the period of lease.

Leases where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Significant accounting policies (continued)

2.21 Share capital

Ordinar y shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.22 Approval of Issuance of the Financial Statements

The consolidated financial statements for the financial years ended June 30, 2017 and 2018 were authorised for issue in accordance with a resolution of the Board of Directors of Prestige Biopharma Pte Ltd. on August 6, 2019.

3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment assessment of intangible assets

On an annual basis, the Group tests its intangible assets which have yet to be amortised for impairment. The recoverable amounts of the cash generating units ("CGUs") to which the intangible assets belong have been determined based on value-in-use calculations. The determination of the recoverable amounts of the CGUs requires significant judgement to be applied by management, particularly management's view of the forecasted revenue and the determination of the discount rate that should be applied in order to calculate the present values of the future cash flows.

As the intangible assets relate to products which are still under development, management determined the forecasted revenue primarily based on its ongoing discussions and negotiations with distributors which provides management with a view of the potential sales volumes and market prices of the products being developed. The discount rate that was applied to the forecasted cash flows was 18% (2017: 18%).

Based on the impairment assessment performed by management on June 30, 2017 and June 30, 2018, no impairment charge was deemed necessary for both financial years.

3. Critical accounting estimates, assumptions and judgements (continued)

(a) *Impairment assessment of intangible assets (continued)*

For the financial year ended June 30, 2018, if the forecasted revenue is 20% lower than management's estimates, the Group would have recognised an impairment charge on the intangible assets amounting to $2,922,859. If the discount rate had increased by 5% the Group would not have recognised an impairment charge.

For the financial year ended June 30, 2017, if the forecasted revenue is 20% lower than management's estimates, the Group would have recognised an impairment charge on the intangible assets amounting to $2,490,672. If the discount rate had increased by 5% the Group would have recognised an impairment charge on the intangible assets amounting $1,433,444.

(b) Fair value of financial assets at fair value through profit or loss

The fair value of financial assets at fair value through profit or loss as at June 30, 2018, which relate to the Company's investment in Redeemable Convertible Preferred Stock of an unquoted related party has been determined based on a valuation performed by an independent professional firm using the Binomial Option Pricing Model. The inputs to this model are derived from observable market data where possible, but where this is not feasible, a degree of judgment has been applied in determining the appropriate inputs. The key assumptions applied in determination of the valuation of this unquoted financial asset is described in more detail in Note 5.3.

Based on the valuation performed, the carrying amount of the financial assets at fair value through profit or loss as at June 30, 2018 is $5,444,794.

As the Group invested in the redeemable convertible preference shares in May 2017 for the financial year ended June 30, 2017, the cost of the redeemable convertible preference shares has been determined to approximate its fair value.

(c) Capitalisation of development costs

The Group incurs costs to develop its new biosimilar drug, HD201. Management has applied its judgement and has determined that the criteria under IAS 38 *Intangible Assets* relating to the capitalisation of internally generated intangible assets, including the technical feasibility of the drug, is satisfied for a biosimilar after the commencement of Phase 1 clinical trials. As at June 30, 2018, the carrying amount of development costs capitalised at the end of the reporting period was $20,268,189 (2017: $3,589,319). In the event that the development of the drug is terminated, these costs will be expensed to profit or loss.

3. Critical accounting estimates, assumptions and judgements (continued)

(d) Expected credit losses on a loan due from a related party

The Group has described how it determines the expected credit losses ("ECL") on its financial assets in Note 4.1.2.

For the financial year ended June 30, 2017, the Group applied its judgement and determined that a loan due from a related party, Prestige Bioresearch Pte Ltd (Note 9), has been credit-impaired following a review of the financial information of the related party that was available and which indicated that the related party was facing significant financial difficulty. As a result, as at June 30, 2017, the Group recorded an allowance for impairment on this loan amounting to $1,651,536 based on the life-time expected credit loss on this loan.

For the financial year ended June 30, 2018, the Group has determined that this loan continues to be credit-impaired based on the financial information of the related party that is available. As a result, as at June 30, 2018, the Group recorded an allowance for impairment on this loan amounting to $1,825,039 based on the life-time expected credit loss on this loan.

If, in subsequent periods there is objective evidence of a change in the financial condition of this related party, there may be a change to the expected credit losses and corresponding allowance for impairment on this loan in the period in which such a determination is made.

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise any adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Board of Directors. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

4.1.1 Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the Singapore dollar, the Euro and Korean Won. Foreign exchange risk arises from loan and receivables and purchase traded in currencies other than functional currency, recognised assets and liabilities and net investments in foreign entities.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

At present, the Group does not have any formal policy for hedging against foreign exchange risk. The Group however manages its foreign exchange risk through regular monitoring of relevant currencies in order to minimise currency risk and to reduce volatility of foreign exchange gain/loss.

As this risk arises mainly from loan and other receivables and purchases denominated in foreign currencies, management reduces the risk by monitoring fluctuations in the foreign exchange market.

The Group has certain investments in foreign entities, whose net assets are exposed to foreign currency translation risk. The Group's financial assets and liabilities exposed to foreign currency risk as at June 30, 2018 and 2017 and July 1, 2016 are as follows:

(in USD)		**2018**		**2017**		**2016 (Unaudited)**	
		Foreign currency	**USD**	**Foreign currency**	**USD**	**Foreign currency**	**USD**
Financial assets							
Loans and other receivables	SGD	-	-	768,314	549,196	1,313,242	973,463
Cash and bank balances	SGD	24,448	18,627	170,706	122,021	13,534	10,033
Financial liabilities							
Trade and other payables	SGD	410,359	300,629	160,115	116,025	108,252	80,246
Trade and other payables	EUR	135,544	157,738	-	-	-	-
Trade and other payables	KRW	120,000,000	107,429	120,000,000	104,695	-	-

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

The table below summarises the impact of currency changes against the US Dollar on the Group's equity and post-tax profit for the year. The analysis is based on the assumption that US Dollar has weakened/strengthened by 10% with all other variables held constant.

(in USD)		**Impact on post-tax profit**			**Impact on equity**		
		2018	**2017**	**2016 (Unaudited)**	**2018**	**2017**	**2016 (Unaudited)**
		$	$	$	$	$	$
SGD	Strengthened	(28,200)	55,519	90,325	(28,200)	55,519	90,325
	Weakened	28,200	(55,519)	(90,325)	28,200	(55,519)	(90,325)
EUR	Strengthened	(15,774)	-	-	(15,774)	-	-
	Weakened	15,774	-	-	15,774	-	-
KRW	Strengthened	(10,743)	(10,470)	-	(10,743)	(10,470)	-
	Weakened	10,743	10,470	-	10,743	10,470	-

(b) Price risk

The Group is exposed to equity securities price risk arising from investments in unquoted redeemable convertible preference shares held by the Group that are classified as financial assets at fair value through profit or loss in the consolidated statement of financial position (Note 5.3)

(c) Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The objective of interest rate risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(c) Interest risk (continued)

The table below summarises the impact of changes to interest rates on the Group's equity and post-tax profit for the year. The analysis is based on the assumption that the interest rate has increased/decreased by 0.1% (10 basis points) with all other variables held constant.

(in USD)	**Impact on post-tax profit**		**Impact on equity**	
	2018	**2017**	**2018**	**2017**
	$	$	$	$
Increase	(22.7)	-	(22.7)	-
Decrease	22.7	-	22.7	-

4.1.2 Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents as well as credit exposures on outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition through the assessment of the credit quality of the debtor, taking into account its financial position, past experience and other relevant factors.

The Group's maximum exposure to credit risk as at June 30, 2018 and 2017 and July 1, 2016 is as follows:

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Cash and cash equivalents	3,336,383	4,736,807	733,259
Financial assets at fair value through profit and loss	5,444,794	1,748,445	-
Loans and other receivables	13,405	1,850,000	2,167,578
Other assets	46,020	42,741	-

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.2 Credit risk (continued)

For the financial years ended June 30, 2018 and 2017 and July 1, 2016, the financial assets of the Group that are subject to more than immaterial credit losses relate to a loan due from from a related party, Prestige Bioresearch Pte Ltd (Note 9).

In determining the expected credit losses ("ECL") on its financial assets, the Group considers the stage in which the asset is in:

- Stage 1, if it was not credit-impaired upon origination, and there has not been a significant increase in its credit risk. Stage 1 ECL will be the credit loss that is expected to result from a default occurring within the next 12 months.

- Stage 2, if it was not credit-impaired upon origination but has since experienced a significant increase in credit risk. Stage 2 ECL will be the life-time expected credit loss arising from a default during the remaining life of the asset.

- Stage 3, if it has been credit-impaired with an objective evidence of default. Stage 3 ECL are also measured as life-time expected credit loss.

ECLs are probability-weighted estimates of credit losses. The ECL associated with the loans and other receivables of the Group is a product of its probability of default, loss given default and exposure at default discounted using the original effective interest rate to the reporting date.

In calculating the expected credit losses for the loan due from the related party, the Group considers whether there is any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable forwarding-looking information such as actual or expected significant changes in the operating results of the related party.

The criteria that the Group uses to determine whether a financial asset is in default include:

- Significant financial difficulty, including breach of covenants and/ or financial conditions;

- Granting of a concession, that the Group would not otherwise consider, for economic or legal reasons relating to the borrower's financial difficulty; and

- High probability of bankruptcy.

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of future recoveries. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.2 Credit risk (continued)

As of July 1, 2016, the Group determined that the loan due from the related party was in stage 1 and recorded an allowance for impairment on this loan amounting to $131,896 based on the credit loss that was expected to result from a default occurring within the next 12 months.

For the financial year ended June 30, 2017, the Group applied its judgement and determined that the loan due from the related party has been credit-impaired following a review of the financial information of the related party that was available and which indicated that the related party was facing significant financial difficulty. As a result, as at June 30, 2017, the Group determined that the loan due from the related party moved to stage 3 and accordingly recorded an allowance for impairment on this loan amounting to $1,651,536 based on the life-time expected credit loss on this loan.

For the financial year ended June 30, 2018, the Group has determined that this loan continues to be credit-impaired based on the financial information of the related party that is available. As a result, as at June 30, 2018, the Group continued to retain this loan in stage 3 and recorded an allowance for impairment on this loan amounting to $1,825,039 based on the life-time expected credit loss on this loan.

Changes in the loss allowances are as follows:

In USD	**Stage 1**	**Stage 3**	**Total**
	$	**$**	**$**
2018			
Opening balance	-	1,651,536	1,651,536
Charged to profit or loss:			
Allowance for impairment	-	173,503	173,503
Closing balance as at June 30, 2018	-	1,825,039	1,825,039
2017			
Opening balance	131,896	-	131,896
Transfer between stages	(131,896)	131,896	-
Charged to profit or loss:			
Allowance for impairment	-	1,519,640	1,519,640
Closing balance as at June 30, 2017	-	1,651,536	1,651,536

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.3 Liquidity risk

Maintaining optimal liquidity is important given that the business requires significant investment in product development. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Details of the Group's liquidity risk analysis as at June 30, 2018, June 30, 2017 and July 1, 2016 are included in the table below. The amounts disclosed are the contractual undiscounted cash flows.

(in USD)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	$	$	$	$
2018				
Borrowings	6,061,500	-	-	444,744
Trade and other payables	4,791,873	9,778	-	-
2017				
Borrowings	5,809,534	-	-	444,744
Trade and other payables	3,676,440	-	-	-
2016				
(Unaudited)				
Borrowings	2,040,000	-	-	444,744
Trade and other payables	1,798,642	-	-	-

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may make borrowings, issue new shares or sell assets to increase or reduce debt as necessary. The fair value or non-current borrowings and loans to related parties are disclosed in Note 14 and Note 9 respectively.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is total borrowings less cash and cash equivalents. Total capital is 'equity' as shown in the consolidated statement of financial position plus net debt.

4. Financial risk management (continued)

4.2 Capital risk management (continued)

The gearing ratios at June 30, 2018 and 2017 and July 1, 2016, were as follows:

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Total borrowings	6,096,179	5,836,816	2,063,665
Less: cash and cash equivalents	(3,336,383)	(4,736,807)	(733,259)
Net debt	2,759,796	1,100,009	1,330,406
Total equity	25,114,074	8,513,171	4,760,072
Total capital	27,873,870	9,613,180	6,090,478
Gearing ratio	10%	12%	22%

The Group is not subject to any externally imposed capital requirement.

5. Fair value

5.1 Fair value of financial instruments by category

Carrying amount and fair value of financial instruments by category as at June 30, 2018 and 2017 and July 1, 2016 are as follows:

(in USD)	2018		2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount (Unaudited)	Fair value (Unaudited)
	$	$	$	$	$	$
Financial assets						
Financial assets, at fair value through profit and loss	5,444,794	5,444,794	1,748,445	1,748,445	-	-
Financial assets, at amortised cost	3,395,808	3,395,808	6,629,548	6,629,548	2,900,837	2,900,837
	8,840,602	8,840,602	8,377,993	8,377,993	2,900,837	2,900,837
Financial liabilities						
Financial liabilities, at amortised cost	10,897,830	10,897,830	7,380,162	7,380,162	3,862,307	3,862,307
	10,897,830	10,897,830	7,380,162	7,380,162	3,862,307	3,862,307

The carrying values of financial assets and liabilities at amortised cost approximate their fair value. The fair value of non-current financial assets and liabilities are estimated by discounting their future contractual cash flows at their current market interest rates available for similar financial instruments. The fair value of non-current financial assets and liabilities are disclosed in Notes 8, 9 and 14.

5. Fair value (continued)

5.2 Fair value hierarchy

Items that are measured at fair value or for which the fair value is disclosed are categorised by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at June 30, 2018 and 2017 and July 1, 2016, are as follows:

(in USD)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
2018				
Financial assets/liabilities that are measured at fair value				
Financial assets at fair value through profit or loss	-	-	5,444,794	5,444,794
2017				
Financial assets/liabilities that are measured at fair value				
Financial assets at fair value through profit or loss	-	-	1,748,445	1,748,445

5.3 Valuation techniques and the inputs

The Company engaged an external, independent and qualified valuer to determine the fair value of the redeemable convertible preference shares for the financial year ended 30 June 2018. For the valuation performed by the qualified valuer, management reviewed the appropriateness of the valuation methodologies, assumptions and reliability of the range of inputs. The Company evaluates significant changes in fair value measurements from period to period.

The fair value of the redeemable convertible preference shares have been established using a Binomial Option Pricing Model and is classified as a level 3 valuation. Key inputs to the Binomial Option Pricing Model comprises the price of the underlying asset (which is dependent on the weighted average cost of capital and terminal growth rate used to calculate the present value of the future cash flows of the underlying asset) and the risk-adjusted interest rate used in the Binomial Option Pricing Model.

5. Fair value (continued)

5.3 Valuation techniques and the inputs (continued)

Details of the valuation technique and inputs used in the level 3 fair value measurement category are as follows:

(in USD)

2018	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
Unquoted redeemable converted preference shares	$ 5,444,794	3	Binomial option pricing model	Price of the underlying asset	$39,638/share
				Weighted average cost of capital	18.2%
				Terminal growth rate	1%
				Risk- adjusted interest rate	19.51% - 19.72%

The table below summarises the impact of changes to inputs on the Group's post-tax profit for the year based on a change of 0.5% with all other variables held constant.

(in USD)

	Change applied	2018 Effects on the post tax profit: Increase/ (Decrease) If input increase	Increase/ (Decrease) If input decrease
	%	$	$
Price of the underlying asset	0.50	19,751	(19,745)
Weighted average cost of capital	0.50	(275,920)	304,886
Terminal growth rate	0.50	184,437	(170,553)
Risk-adjusted interest rate	0.50	(17,665)	18,127

As the Group invested in the redeemable convertible preference shares in May 2017 for the financial year ended June 30, 2017, the cost of the redeemable convertible preference shares has been determined to approximate its fair value.

6. Financial instruments by category

6.1 Carrying amounts of financial instruments by category

Carrying amounts of financial assets and liabilities by category as at June 30, 2018, 2017 and July 1, 2016 are as follows:

(in USD)	June 30, 2018		
	Financial assets at amortised cost	Financial assets at fair value through profit and loss	Total
Financial Assets	$	$	$
Cash and cash equivalents	3,336,383	-	3,336,383
Financial asset at fair value through profit and loss	-	5,444,794	5,444,794
Other financial assets	46,020	-	46,020
Loans and other receivables	13,405	-	13,405
	3,395,808	5,444,794	8,840,602

(in USD)	June 30, 2018	
	Other financial liabilities at amortised cost	Total
Financial Liabilities	$	$
Borrowings	6,096,179	6,096,179
Trade and other payables	4,801,651	4,801,651
	10,897,830	10,897,830

6. Financial instruments by category

6.1 Carrying amounts of financial instruments by category (continued)

(in USD)	June 30, 2017		
	Financial assets at amortised	**Financial assets at fair value through profit and loss**	**Total**
Financial Assets	$	$	$
Cash and cash equivalents	4,736,807	-	4,736,807
Financial asset at fair value through profit and loss	-	1,748,445	1,748,445
Other financial assets	42,741	-	42,741
Loans and other receivables	1,850,000	-	1,850,000
	6,629,548	1,748,445	8,377,993

(in USD)	June 30, 2017	
	Other financial liabilities at amortised cost	**Total**
Financial Liabilities	$	$
Borrowings	5,836,816	5,836,816
Trade and other payables	3,676,440	3,676,440
	9,513,256	9,513,256

(in USD)	July 1, 2016 (Unaudited)		
	Financial assets at amortised	**Financial assets at fair value through profit and loss**	**Total**
Financial Assets	$	$	$
Cash and cash equivalents	733,259	-	733,259
Financial asset at fair value through profit and loss	-	-	-
Loans and other receivables	2,167,578	-	2,167,578
	2,900,837	-	2,900,837

(in USD)	July 1, 2016 (Unaudited)	
	Other financial liabilities at amortised cost	**Total**
Financial Liabilities	$	$
Borrowings	2,063,665	2,063,665
Trade and other payables	1,798,642	1,798,642
	3,862,307	3,862,307

6. Financial instruments by category (continued)

6.2 Items of income, expense, gains or losses by category of financial instruments

Income, expense and gains or losses on each category of financial instruments for the years ended June 30, 2018 and 2017, are as follows:

(in USD)	2018	2017
	$	$
Financial assets measured at amortised cost		
Interest income	13,892	82,998
Impairment loss on financial assets	(173,503)	(1,519,640)
Financial assets measured at fair value through profit and loss		
Gain on conversion of loan into unquoted redeemable convertible preference shares	40,275	60,220
Fair value gains/(losses)	686,074	(41,775)
Financial liabilities measured at amortised cost		
Interest expense	(227)	-

7. Cash and cash equivalents

Cash and cash equivalents as at June 30, 2018 and 2017 and July 1, 2016 consists of:

(in USD)	2018	2017	2016 (Unaudited)
	$	$	$
Cash in bank and on hand	3,336,383	4,736,807	733,259

8. Financial assets, at fair value through profit or loss

Financial assets at fair value through profit or loss as at June 30, 2018 and 2017 and July 1, 2016 include the following classes of financial assets:

(in USD)	2018	2017	2016 (Unaudited)
	$	$	$
Investment in unquoted redeemable convertible preference shares	5,444,794	1,748,455	-

8. Financial assets, at fair value through profit or loss (continued)

Changes in available-for-sale financial assets at fair value through profit or loss for the years ended June 30, 2018 and 2017 and July 1, 2016, are as follows:

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Beginning of financial year	1,748,445	-	-
Additions (Note 9)	2,970,000	1,730,000	-
Gain on conversion of loan into unquoted redeemable convertible preference shares (Note 9)	40,275	60,220	-
Fair value gains/(losses) (Note 19)	686,074	(41,775)	-
End of financial year	5,444,794	1,748,445	-

During the financial years ended June 30, 2018 and 2017, the Group exercised the options to convert a loan from related party into unquoted redeemable convertible preference shares of the related party Prestige Biopharmaceuticals Co., Ltd. (Note 9). Upon conversion of the loans during the financial years ended June 30, 2018 and 2017, the Group recorded a gain of $40,275 and $60,220 (Note 19) in the respective years.

9. Loans and other receivables

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Amount due from a related party (Note 23)	13,405	-	-
Loans to related parties (Note 23):			
Prestige Bioresearch Pte Ltd (i)	1,825,039	3,501,536	2,299,474
Less: Allowance for impairment of receivables (Note 4.1.2)	(1,825,039)	(1,651,536)	(131,896)
	-	1,850,000	2,167,578
Prestige Biopharmaceuticals Co., Ltd (ii)	-	-	-
	-	1,850,000	2,167,578
Less: loans to related parties (non-current portion)	-	-	(2,167,578)
Current portion	13,405	1,850,000	-

9. Loans and other receivables (continued)

None of the other financial assets are either past due or impaired, and the Group does not hold any collateral in relation to these assets.

(i) The loan to Bioresearch Pte Ltd is unsecured, bears interest at 2% to 3% per month and will be repayable in full 10 years from the date of disbursement. Details of the allowance for impairment is set out in Note 4.1.2.

(ii) During the financial year ended June 30, 2017, the Group had extended a loan of $1,730,000 to Prestige Biopharmaceuticals Co., Ltd which bears interest of 3% per month, is unsecured and repayable in full in 10 years from the date of disbursement. The terms of the loan included an option for the Group to convert the loan into shares of Prestige Biopharmaceuticals Co., Ltd, based on a conversion price to be agreed mutually by the parties any time during the tenure of the loan. Under an addendum to this loan agreement, the Group would waive all accrued interest on the outstanding loan if the Group converts the loan into shares of Prestige Biopharmaceuticals Co., Ltd during the tenure of the loan. During the financial year, the parties agreed to convert the loan amounting to $1,730,000 into 53,950 redeemable convertible preference shares ("RCPS"). Accordingly, the Group wrote off accrued interest income of $82,998.

During the financial year ended June 30, 2018, the Group had extended an additional loan of $2,970,000 to Prestige Biopharmaceuticals Co., Ltd which bears interest of 1.5% per month, is unsecured and repayable in full in 10 years from the date of disbursement. The terms of the loan included an option for the Group to convert the loan into shares of Prestige Biopharmaceuticals Co., Ltd, based on a conversion price to be agreed mutually by the parties any time during the tenure of the loan. Under an addendum to this loan agreement, the Group would waive all accrued interest on the outstanding loan if the Group converts the loan into shares of Prestige Biopharmaceuticals Co., Ltd during the tenure of the loan. During the financial year, the parties agreed to convert the outstanding loan amounting to $3,000,000 into 87,923 redeemable convertible preference shares. Accordingly, the Group wrote off accrued interest income of $13,892.

The movements in the loans to Prestige Biopharmaceuticals Co., Ltd are as follows:

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Beginning of financial year	-	-	-
Additions	2,970,000	1,730,000	-
Accrued interest income	13,892	82,998	-
Converted to redeemable convertible preference shares (Note 8)	(2,970,000)	(1,730,000)	-
Write-off of accrued interest income (Note 19)	(13,892)	(82,998)	-
End of financial year	-	-	-

10. Other assets

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Prepaid expenses	18,448	-	-
Deposits	46,020	42,741	-
Goods and service tax receivables	210,608	218,493	44,204
Less: non-current portion	46,020	42,741	-
Current portion	229,056	218,493	44,204

11. Property, plant and equipment

Details of property and equipment as at June 30, 2018 and 2017 and July 1, 2016, are as follows:

(in USD)	2018			2017			2016 (Unaudited)		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	$	$	$	$	$	$	$	$	$
Lab equipment	988,901	(294,974)	693,927	291,030	(121,263)	169,767	291,030	(24,252)	266,778
Furniture and fittings	26,765	(9,517)	17,248	23,029	(640)	22,389	-	-	-
Computer	6,004	(795)	5,209	-	-	-	-	-	-
Office equipment	12,704	(2,699)	10,005	-	-	-	-	-	-
Renovation	107,714	(35,096)	72,618	93,550	(2,458)	91,092	-	-	-
	1,142,088	(343,081)	799,007	407,609	(124,361)	283,248	291,030	(24,252)	266,778

11. Property, plant and equipment (continued)

Changes in property, plant and equipment for the years ended June 30, 2018 and 2017 and July 1, 2016, are as follows:

(in USD)

	Lab equipment	Furniture and fittings	Computer	Office equipment	Renovation	Total
	$	$	$	$	$	$
2018						
Opening net book value	169,767	22,389	-	-	91,092	283,248
Additions	697,871	3,736	6,004	12,704	14,164	734,479
Depreciation	(173,711)	(8,877)	(795)	(2,699)	(32,638)	(218,720)
Closing net book value	693,927	17,248	5,209	10,005	72,618	799,007
2017						
Opening net book value	266,778	-	-	-	-	266,778
Additions	-	23,029	-	-	93,550	116,579
Depreciation	(97,011)	(640)	-	-	(2,458)	(100,109)
Closing net book value	169,767	22,389	-	-	91,092	283,248
2016						
(Unaudited)						
Opening net book value	-	-	-	-	-	-
Additions	291,030	-	-	-	-	291,030
Depreciation	(24,252)	-	-	-	-	(24,252)
Closing net book value	266,778	-	-	-	-	266,778

The Group leases office equipment under non-cancellable finance lease agreements. The lease terms are for 5 years. The carrying amount of office equipment held under finance leases is $9,300 as at June 30, 2018. (June 30, 2017: nil, July 1, 2016: nil).

Details of operating lease as at June 30, 2018 and 2017 are as follows:

The Group leases an office under a non-cancellable operating lease agreement. The lease is for a term of three years. Total minimum lease payments in relation to non-cancellable operating leases that are payable at the end of the reporting period are as follows:

	2018	2017
Total lease payments	$	$
Within one year	159,427	150,210
Later than one year but not later than five years	167,141	317,963
	326,568	468,173

12. Intangible assets

Intangible assets as at June 30, 2018 and 2017 and July 1, 2016, consist of:

(in USD)

	Cost	Accumulated amortisation	Net book value
	$	$	$
2018			
Intellectual property rights (Note 12.1)	5,800,751	-	5,800,751
Patents (Note 12.2)	74,299	-	74,299
Development costs (Note 12.3)	20,268,189	-	20,268,189
	26,143,239	-	26,143,239
2017			
Intellectual property rights (Note 12.1)	5,486,545	-	5,486,545
Patents (Note 12.2)	70,829	-	70,829
Development costs (Note 12.3)	3,589,319	-	3,589,319
	9,146,693	-	9,146,693
2016			
(Unaudited)			
Intellectual property rights (Note 12.1)	5,013,924	-	5,013,924
Patents (Note 12.2)	58,803	-	58,803
Development costs (Note 12.3)	337,833	-	337,833
	5,410,560	-	5,410,560

12. Intangible assets (continued)

Changes in intellectual property rights, development costs and trademarks and patents for the years ended June 30, 2018 and 2017, are as follows:

(in USD)

	Intellectual property rights	Patents	Development costs	Total
	$	$	$	$
2018				
Beginning net book value	5,486,545	70,829	3,589,319	9,146,693
Additions	314,206	3,470	16,678,870	16,996,546
Ending net book value	5,800,751	74,299	20,268,189	26,143,239
2017				
Beginning net book value	5,013,924	58,803	337,833	5,410,560
Additions	472,621	12,026	3,251,486	3,736,133
Ending net book value	5,486,545	70,829	3,589,319	9,146,693
2016				
(Unaudited)				
Beginning net book value	-	-	-	-
Additions	5,013,924	58,803	337,833	5,410,560
Ending net book value	5,013,924	58,803	337,833	5,410,560

12.1 Intellectual property ("IP") rights

Intellectual property rights relates to a certain medical technology that was developed and invented by a third party, Hanwha Chemical Corporation ("HWCC"), a Korean corporation pertaining to two biosimilar drugs, HD201 and HD204. On June 1, 2015, 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.

12. Intangible assets (continued)

12.1 Intellectual property ("IP") rights (continued)

On November 13, 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 makes the upfront and final payments in place of PBR. During the financial year ended June 30, 2016, the directors paid the upfront and final payments on behalf of the Company and the Company recorded the IP as an intangible asset in the statement of financial position as at June 30, 2016.

This acquired IP continues to be developed by the Company and borrowing costs amounting to $314,206, $472,621 and $35,792 have been capitalised as IP for the years ended June 30, 2018 and 2017 and July 1, 2016.

No amortisation expense has been recorded, as amortisation will commence only when the related product is ready for its intended use or sale.

12.2.Patents

Patents refer to all certificates of invention and applications for certificates of invention related to the IP patents. Amortisation will commence when the related product is ready for its intended use or sale.

12.3.Development costs

Carrying amount of the development project as at June 30, 2018 and 2017 and July 1, 2016, are as follows:

(in USD)		**2018**	**2017**	**2016 (Unaudited)**
Related account	**Name of separate asset**	**Carrying amount** $	**Carrying amount** $	**Carrying amount** $
Development costs	HD201	20,268,189	3,589,319	337,833

HD201 is a product developed for the treatment of breast cancer.

The Group recognised total research and development costs of $ 1,243,312 (2017: $ 233,436) as expenses. These costs were not capitalised as the respective products that they were incurred for were still in the pre-clinical trial phase.

12. Intangible assets (continued)

12.3.Development costs (continued)

Included in the additions to development costs for the years ended June 30, 2018 and 2017 and July 1, 2016 are capitalised borrowing costs of $1,739,924, $506,998 and $4,208 respectively

12.4 Estimating recoverable amount

The Group estimated the recoverable amount of HD201 and HD204 based on value-in-use calculations.

The value-in-use calculations use cash flow projections covering a 10-year period based on the projected useful life and financial budgets approved by management.

Management had determined the present value of the future cash flows based on key assumptions including forecast revenue and discount rate. Forecasted revenue is primarily based on management's latest discussions and negotiations with distributors which provides management with a view of the potential sales volumes and market prices of the products being developed. Discount rates applied of 18% (2017: 18%) reflect specific risks relating to the Company's products.

No impairment charge was recognised for the financial years ended June 30, 2017 and 2018.

For the financial year ended June 30, 2018, if the forecasted revenue is 20% lower than management's estimates, the Group would have recognised an impairment charge on the intangible assets amounting to $2,922,859. If the discount rate had increased by 5% the Group would not have recognised an impairment charge.

For the financial year ended June 30, 2017, if the forecasted revenue is 20% lower than management's estimates, the Group would have recognised an impairment charge on the intangible assets amounting to $2,490,672. If the discount rate had increased by 5% the Group would have recognised an impairment charge on the intangible assets amounting to $1,433,444.

13. Trade and other payables

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Trade payables	2,894,969	2,051,647	135,423
Other payables			
Directors	673,023	883,163	923,675
Other related parties	897,485	719,225	735,096
	1,570,508	1,602,388	1,658,771
Trade and other payables	4,465,477	3,654,035	1,794,194
Other liabilities	336,174	22,405	4,448
Trade and other payables and other liabilities	4,801,651	3,676,440	1,798,642
Less: non-current portion	(9,778)	-	-
Current	4,791,873	3,676,440	1,798,642

Other payables consists of amounts due to directors and amounts due to entities in which a director has a controlling interest. These amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

14. Borrowings

Details of carrying amount of borrowings as at June 30, 2018 and 2017 and July 1, 2016, are as follows:

Current

Category		**Creditor**	**Latest maturity date**	**Monthly interest rate (%)**		**2018**	**2017**	**2016 (Unaudited)**
						$	$	$
Short-term borrowings	US Dollar	Octava Pte Ltd	November 3, 2017	2.5	(a)	-	2,110,000	-
Convertible loan	US Dollar	Octava Biotech Pte Ltd	September 30, 2019	1.5	(b)	6,061,500	-	-
Short -term borrowings	US Dollar	Lucern Composite Master Fund SP	October 31, 2017	3.0	(c)	-	3,699,534	-
Short-term borrowings	US Dollar	Octava Pte Ltd	October 23, 2017	2.5	(d)			2,040,000
						6,061,500	5,809,534	2,040,000

14. Borrowings(continued)

Non current

Category		Creditor	Latest maturity date	Monthly interest rate (%)		2018	2017	2016
								(Unaudited)
						$	$	$
Long-term borrowings	Singapore Dollar	Prestige Biopharmaceuticals Co.Ltd	January 4, 2026	-	(e)	34,679	27,282	23,665
						34,679	27,282	23,665

(a) On April 5, 2017, the Company entered into a loan agreement with shareholder Octava Pte Ltd ("Octava") for $2,000,000 ("Facility A"), bearing interest at a rate of 2.5% per month. Total accrued interest as at June 30, 2017 was $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 utilisation date. On November 3, 2017, the Company entered into an amendment, restatement and confirmation deed to this loan agreement ("amended agreement"). Under this amended agreement, the Company issued convertible loans denominated in United States Dollars with nominal values of $2,300,000 ("Facility B") and $15,000,000 ("Facility C"), bearing interest at a rate of 1.5% per month. Both Facility B and Facility C are repayable on demand at the option of Octava . Facility B was used to extinguish Facility A and its accrued interest. On May 30, 2018, the lender exercised their option to convert the total loan of $17,300,000 into shares of the Company at a rate of $19.06 per share (Note 16(b)). Upon conversion, accrued interest of $1,327,763 was waived by the lender and subsequently recognised by the Company as a capital contribution (Note 17(a)).

(b) On June 4, 2018, the Company entered into an agreement with Octava Biotech Pte Ltd (" Octava Biotech") where a facility was granted to allow the Company to issue convertible loans up to $25,000,000, bearing interest at a rate of 1.5% per month. This facility is repayable on demand at the option of Octava Biotech. As at June 30, 2018, the Company had issued convertible loans to Octava Biotech amounting to $6,000,000. Subsequent to the year ended June 30, 2018, the Company drew down the full amount of the loan facility amounting to $25,000,000 and Octava Biotech exercised their option to convert the full amount of the loan into ordinary shares of the Company (Note 24).

(c) On December 10, 2016, the Company entered into an agreement with a third party to issue loans amounting to $3,000,000, bearing interest of 3% per month. On November 20, 2017, the loan and all accrued interest were fully repaid.

(d) On June 9, 2016, the Company entered into a loan agreement with Octava amounting to $2,000,000, bearing interest at a rate of 2% to 3% per month. This facility is repayable on demand at the option of Octava. On Dec 16, 2016, the loan and all accrued interest were fully repaid.

(e) On January 5, 2016, the Company entered into a loan agreement with a related party, Prestige Biopharmaceuticals Co., Ltd, for an interest free term loan facility amounting to SGD1,200,000 (approximately $889,548) which is repayable in full on January 4, 2031. The Company drew down SGD599,960 (approximately $444,744) from this facility during the financial year ended June 30, 2016. No further drawdowns were made during the financial years ended June 30, 2018 and 2017. The Company had initially recorded this loan at its fair value which has been determined by discounting the future contractual cash flows at the current market interest rate that is expected to be available to the Company for a similar loan facility. This loan is carried on the statement of financial position at its amortised cost as at June 30, 2018, 2017 and July 1, 2016.

15. Tax expense

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

(in USD)	**2018**	**2017**
	$	$
Loss before income tax expense	(2,028,737)	(2,246,901)
Tax calculated at 17%	(344,885)	(381,973)
Tax effects of:		
Income not subject to tax	(123,479)	(3,135)
Unrecognised deferred tax assets	52,357	20,724
Expenses not deductible for tax purposes	416,007	364,384
Income tax expense	-	-

16. Share capital

The Company's total number of ordinary shares issued is 7,868,912 shares (2017: 6,961,367 shares).

16. Share capital (continued)

All shares issued by the Company were fully paid. Fully paid ordinary shares are ranked equally where they carry one vote per share and carry a right to dividends as and when declared by the Company.

(in USD and in number of shares)		**Number of shares (shares)**	**Share capital**	**Total**
			$	$
July 1, 2016 (Unaudited)		6,608,062	4,898,489	4,898,489
Issuance of shares at USD 13.36 and USD 17.96 per share	(a)	353,305	6,000,000	6,000,000
June 30, 2017		6,961,367	10,898,489	10,898,489
July 1, 2017		6,961,367	10,898,489	10,898,489
Issuance of shares at USD 19.06 per Share	(b)	907,545	17,300,000	17,300,000
June 30, 2018		7,868,912	28,198,489	28,198,489

(a) On December 28, 2016 and June 7, 2017, the Company issued 74,850 and 278,455 ordinary shares at $13.36 and $17.96 per share respectively. A total cash consideration of $6,000,000 was injected as ordinary shares of the Company.

(b) As set out in Note 14 (a), on 30 May 2018 Octava Pte Ltd exercised its right to convert the loan into ordinary shares of the Company. The Company issued 907,545 shares pursuant to the $17,300,000 convertible loan from Octava at the exercise price of $19.06 per share.

17. Other comprehensive income and other components of equity

Changes in other comprehensive income for the years ended June 30, 2018 and 2017, are as follows:

(in USD)	**Beginning balance**	**Increase/ (decrease)**	**Reclassification to profit or loss**	**Ending balance**
	$	$	$	$
2018				
Currency translation differences	-	1,877	-	1,877
2017 and 2016 (Unaudited)				
Currency translation differences	-	-	-	-

The changes in other comprehensive income are net of tax.

17. Other comprehensive income and other components of equity (continued)

Other components of equity as at June 30, 2018 and 2017, consists of:

(in USD)		**2018**	**2017**	**2016**
		$	$	$
Capital contribution	(a)	1,327,763	-	-
Translation reserve		1,877	-	-
		1,329,640	-	-

(a) Capital contribution

(in USD)	**2018**	**2017**	**2016**
	$	$	$
Beginning of financial year	-	-	-
Waiver of interest	1,327,763	-	-
End of financial year	1,327,763	-	-

Capital contribution reserve represents the waiver of loan interest liability by a shareholder.

On May 30, 2018, shareholder Octava exercised their option to convert their loan of $17,300,000 into shares of the Company. Upon conversion, the shareholder had waived all outstanding accrued interest owing by the Company (Note 14(a)).

18. Accumulated losses

The movement in accumulated losses for the years ended June 30, 2018 and 2017, is as follows:

(in USD)	**2018**	**2017**	**2016 (Unaudited)**
	$	$	$
Accumulated losses brought forward	2,385,318	138,417	-
Loss for the year	2,028,737	2,246,901	138,417
Accumulated losses carried forward	4,414,055	2,385,318	138,417

19. Other gains/ (losses)

Details of other gains and losses for the years ended June 30, 2018 and 2017, are as follows:

(in USD)	**2018**	**2017**
	$	$
Currency exchange gains/(losses) - net	349,429	(28,104)
Write-off of accrued interest income (Note 9(ii))	(13,892)	(82,998)
Gain on conversion of loan into unquoted redeemable convertible preference shares (Note 9)	40,275	60,220
Fair value gains/(losses) (Note 8)	686,074	(41,775)
Others	-	950
	1,061,886	(91,707)

20. Finance income and costs

(in USD)	**2018**	**2017**
	$	$
Finance income		
Interest from loans to a related party	13,892	82,998

(in USD)	**2018**	**2017**
	$	$
Finance costs		
Interest expense:		
Convertible loans	1,824,591	864,662
Borrowings	223,297	110,000
Others	6,469	4,957
	2,054,357	979,619
Less: Amount capitalised in intangible asset	(2,054,130)	(979,619)
Amount recognised in profit or loss	227	-

Finance expenses on general financing were capitalised at a rate of 20.4% per annum (2017: 38.0% per annum) (Note 12.3).

21. Losses per Share

Basic losses per share is calculated by dividing the loss/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(a) Basic losses per share

(in USD)	**2018**	**2017**
	$	$
Losses attributable to the ordinary equity holders of the Company	2,028,737	2,246,901
Weighted average number of ordinary shares outstanding	7,021,041	6,663,341
Basic losses per share	0.29	0.34

(b) Diluted losses per share

The Group's only category of potentially dilutive ordinary shares are convertible bonds for the financial year ended June 30, 2018. There were no potentially dilutive ordinary share for financial year ended June 30, 2017. As at June 30, 2018, potential shares were excluded from the diluted weighted average number of ordinary shares calculation, as their effect would have been anti-dilutive. Therefore, basic losses per share is identical to diluted losses per share.

22. Cash (used in)/generated from operations

(a) Cash (used in)/generated from operations

(in USD)	**2018**	**2017**
	$	$
Loss before income tax	(2,028,737)	(2,246,901)
Adjustments for:		
Impairment loss on financial assets (Note 4.1.2)	173,503	1,519,640
Fair value (gains)/losses (Note 8)	(686,074)	41,775
Gain on conversion of loan into unquoted redeemable convertible preference shares (Note 9)	(40,275)	(60,220)
Depreciation	218,720	100,109
Finance costs (Note 20)	227	-
Finance income (Note 20)	(13,892)	(82,998)
Write-off of accrued interest income (Note 9 (ii))	13,892	82,998
Unrealised exchange loss/(gain)	27	532
Change in operating assets and liabilities, net of effects from purchase of controlled entity and exchange differences on consolidation):		
Increase in other receivables	(23,968)	(174,289)
Increase in trade payables and other payables	1,803,753	1,867,996
Cash (used in)/generated from operations	(582,824)	1,048,642

22. Cash (used) in/generated from operations (continued)

(b) Changes in liabilities arising from financing activities

Changes in liabilities arising from financial activities for the years ended June 30, 2018 and 2017, are as follows*:*

(in USD)	**Liabilities from financing activities**		**Total**
	Non-current lease liabilities	**Borrowings**	
	$	$	$
At July 1, 2016 (unaudited)	-	2,063,665	2,063,665
Proceeds from borrowings	-	5,053,000	5,053,000
Repayments of borrowings	-	(2,000,000)	(2,00,000)
Interest paid	-	(260,000)	(260,000)
Non-cash changes:			
Exchange differences	-	(532)	(532)
Accrued interest	-	979,619	979,619
At June 30, 2017	-	5,836,816	5,836,816
Proceeds from borrowings	10,205	21,000,000	21,010,205
Repayments of borrowings	(654)	(3,053,000)	(3,053,654)
Interest paid	-	(1,115,160)	(1,115,160)
Non-cash changes:			
Conversion of convertible loan	-	(17,300,000)	(17,300,000)
Waiver of interest from a shareholder	-	(1,327,763)	(1,327,763)
Exchange differences	-	1,156	1,156
Accrued interest	227	2,054,130	2,054,357
At June 30, 2018	9,778	6,096,179	6,105,957

22. Cash (used) in/generated from operations (continued)

(b) Changes in liabilities arising from financing activities (continued)

Changes in net debt for the years ended June 30, 2018 and 2017, are as follows:

(in USD)	**2018**	**2017**
	$	$
Cash and cash equivalents	3,336,383	4,736,807
Current portion of financial assets	288,481	261,234
Borrowings – repayable within one year (including overdraft)	(6,061,500)	(5,809,534)
Borrowings – repayable after one year	(34,679)	(27,282)
Net debt	(2,471,315)	(838,775)
Cash and current portion of financial assets	3,624,824	4,998,041
Gross debt – fixed interest rates	(6,096,179)	(5,836,816)
Gross debt – floating interest rates	-	-
Net debt	(1,199,926)	(838,775)

23. Related party transactions

Interests in subsidiaries as at June 30, 2018 and 2017, are as follows:

	Percentage of ownership (%)	
	2018	**2017**
Prestige Biopharma Belgium BVBA	99 %	- %
Prestige Biopharma Australia Pty Ltd	100 %	- %

Details of other related parties that have transactions with the Group or have outstanding balances as at June 30, 2018 and 2017, are as follows:

Type	**2018**	**2017**	**Relationship**
Other related parties	Prestige Bioresearch Pte Ltd	Prestige Bioresearch Pte Ltd	A Director-related Company
Other related parties[1]	Prestige Biopharmaceuticals Co., Ltd	Prestige Biopharmaceuticals Co., Ltd	A Director-related Company
	Octava Biotech Pte Ltd	Octava Biotech Pte Ltd	A Director-related Compan
Others[2]	Octava Pte Ltd	Octava Pte Ltd	Shareholder
	Lisa	Lisa	
	Kim Michael Jinwoo	Kim Michael Jinwoo	Directors

22. Related party transactions (continued)

[1] As at June 30, 2018, the Group holds 4.9% shareholdings in Prestige Biopharmaceuticals Co., Ltd.

[2] During the year ended June 30, 2018, the Group issued 907,545 ordinary shares to Octava Pte Ltd upon conversion of loan to equity.

Outstanding balances arising from loans and non-trade transactions as at June 30, 2018 and 2017 and July 1, 2016, are as follows:

		2018			
		Receivables		Payables	
Relationship	Name of entity	Loans	Other Receivables	Borrowings	Other Payables
		$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	3,453,328	13,405		(46,780)
	Prestige Biopharmaceuticals Co., Ltd	-	-	(34,679)	(850,705)
	Octava Biotech Pte Ltd	-	-	(6,061,500)	-
Subsidiaries	Prestige Biopharma Australia Pty Ltd	-	-	-	-
	Prestige Biopharma Belgium BVBA	-	2,210	-	-
Directors				-	(673,023)
		3,453,328	15,615	(6,096,179)	(1,570,508)
					-

23. Related party transactions (continued)

		2017			
		Receivables		Payables	
Relationship	**Name of entity**	**Loans**	**Other Receivables**	**Borrowings**	**Other Payable**
		$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	4,317,771	-	-	(719,225)
	Prestige Biopharmaceuticals Co., Ltd	-	-	(27,282)	-
Directors		-		-	(883,163)
		4,317,771	-	(27,282)	(1,602,388)
					-

23. Related party transactions (continued)

		2016 (Unaudited)			
		Receivables		Payables	
Relationship	**Name of entity**	**Loans**	**Other Receivables**	**Borrowings**	**Other Payable**
		$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	2,299,474	-	-	(735,096)
	Prestige Biopharmaceuticals Co., Ltd	-	-	(23,665)	-
Directors		-	-	-	(923,675)
		2,299,474	-	(23,665)	(1,658,771)

The receivables from related parties are unsecured in nature and bear interest at 2-3% per month.

23. Related party transactions (continued)

Fund transactions with related parties for the years ended June 30, 2018 and 2017 and July 1, 2016, are as follows:

		2018				
		Loans Transactions		Borrowing Transaction		Conversion of loan to equity
Relationship	Name of entity	Loans	Repayment	Borrowings	Repayments	
		$	$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	812,054	1,851,993	-	-	
	Octava Pte Ltd	-	-	(18,817,763)	2,300,000	17,300,000
	Octava Biotech Pte Ltd	-	-	(6,061,500)	-	-
Director-related company	Prestige Biopharmaceuticals Co., Ltd	2,970,000	-	(7,397)	-	-

		2017				
		Loans Transactions		Borrowing Transaction		Conversion of loan to equity
Relationship	Name of entity	Loans	Repayment	Borrowings	Repayments	
		$	$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	2,396,849	-	-	-	-
Director-related company	Prestige Biopharmaceuticals Co., Ltd	1,730,000	-	(3,617)	-	-

23. Related party transactions (continued)

		2016 (Unaudited)				
		Loans Transactions		Borrowing Transaction		
Relationship	Name of entity	Loans	Repayment	Borrowings	Repayments	Conversion of loan to equity
		$	$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	2,299,474	-	-	-	-
Director-related company	Prestige Biopharmaceuticals Co., Ltd	-	-	(23,665)	-	-

The allowance for impairment on loans to related parties is set out in Note 9.

Key management include the Directors. The compensation paid or payable to key management for employee services for the years ended June 30, 2018 and 2017, consists of:

(in USD)	2018	2017
	$	$
Directors' remuneration	267,901	46,403
Contributions to defined benefit plan	13,707	5,946
	281,608	52,349

24. Events occurring after balance sheet date

(a) On January 17, 2019, the Company was granted a convertible loan facility amounting to $20,000,000 bearing interest at a rate of 1.5% per month, by a shareholder ("lender"). Between February 2019 and June 2019 the Company drew down $16,000,000 from this facility. Based on the terms of the facility, at the option of the lender, the principal amount of the loan and any accrued interest thereon is convertible into ordinary shares of the Company, at an exercise price that is based on the value of the Company, at any time up to December 31, 2019. If the lender exercises the option to convert the loan into ordinary shares of the Company before December 31, 2019, the lender will waive all accrued interest. If the lender does not exercise the option to convert the loan into ordinary shares of the Company, the principal amount of the loan and any accrued interest will be due for repayment on December 31, 2019.

(b) Between July 2018 and January 2019, the Company drew down the remaining $19,000,000 of the $25,000,000 convertible loan facility that was granted on June 4, 2018 (Note 14(d)). On January 31, 2019, the lender of the $25,000,000 convertible loan exercised the option to convert the full amount of the loan into 524,595 ordinary shares of the Company at the exercise price of $47.66 per share. Upon conversion of the loan, the accrued interest of $1,395,323 was waived by the lender and recognised by the Company in equity as a capital contribution.

(c) On July 9, 2018, the Company entered into an agreement with Prestige Biopharmaceuticals Co., Ltd, a company related by certain common directors and shareholders, to jointly develop and commercialise two biosimilar drugs, HD201 and HD204. As part of this agreement, the Company and Prestige Biopharmaceuticals Co., Ltd will share the net sales related to two biosimilar drugs based on the ratio of contribution of development expenses, subject to the terms of the agreement.