PRESTIGE BIOPHARMA PTE LTD
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial years ended June 30, 2019 and 2018

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

PRESTIGE BIOPHARMA PTE LTD
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial years ended June 30, 2019 and 2018

Contents

Prestige Biopharma Pte Ltd and its subsidiaries
Consolidated Statement of Comprehensive Income
June 30, 2019 and 2018

(in USD)	**Notes**	**2019 $**	**2018 $**
Revenue	20	1,680,000	-
Other income			
-Finance income	23	191,150	13,892
-Others		141,334	14,744
		2,012,484	28,636
Other gains/(losses)			
-Impairment losses on financial assets	4.1.2	-	(173,503)
-Others	21	2,436,787	1,061,886
		2,436,787	888,383
Expenses by nature			
-Research and development		(1,530,343)	(1,243,312)
-Wages and salaries	22	(1,505,764)	(560,894)
-Legal and professional		(794,707)	(439,982)
-Depreciation	11	(505,293)	(218,720)
-Rental on operating leases		(376,236)	(151,223)
-Advertising and promotion expenses		(108,075)	(37,268)
-Travel expenses		(305,975)	(54,111)
-Other employee benefits		(60,427)	(48,787)
-Freight		(7,906)	(13,081)
-Finance costs	23	-	(227)
-Others		(364,481)	(178,151)
Total expenses		(5,559,207)	(2,945,756)
Loss before income tax		(1,109,936)	(2,028,737)
Income tax expense	16	(165,012)	-
Loss for the year		(1,274,948)	(2,028,737)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss :			
Exchange differences	18	97,889	1,877
Other comprehensive income for the year, net of tax		97,889	1,877
Total comprehensive loss for the year		(1,177,059)	(2,026,860)
Total comprehensive loss attributable to owners		(1,177,059)	(2,026,860)
Basic losses per share	24	(0.16)	(0.29)
Diluted losses per share	24	(0.16)	(0.29)

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

Prestige Biopharma Pte Ltd and its subsidiaries
Consolidated Statement of Financial Position
June 30, 2019 and 2018

(in USD)	Notes	June 30, 2019	June 30, 2018 Restated (Note 29)
		$	$
Assets			
Current assets			
Cash and cash equivalents	7	8,510,349	3,336,383
Other assets	10	648,929	229,056
Trade and other receivables	9	8,190,000	1,013,405
		17,349,278	4,578,844
Non-current assets			
Property, plant and equipment	11	904,507	799,007
Intangible assets	12	59,123,769	26,143,239
Financial asset fair value through profit or loss	8	8,037,931	5,444,794
Trade and other receivables	9	2,154,853	-
Other assets	10	55,655	46,020
		70,276,715	32,433,060
Total assets		87,625,993	37,011,904
Liabilities			
Current liabilities			
Trade and other payables	13	12,188,783	4,791,873
Borrowings	14	16,617,728	6,061,500
Contract liabilities	20	1,480,983	-
Financial liability at fair value through profit or loss	15	437,800	-
		30,725,294	10,853,373
Non-current liabilities			
Borrowings	14	41,673	34,679
Contract liabilities	20	6,457,017	1,000,000
Trade and other payables	13	8,211	9,778
		6,506,901	1,044,457
Total liabilities		37,232,195	11,897,830
Equity			
Share capital	17	53,198,489	28,198,489
Capital contribution	18	2,784,546	1,327,763
Translation reserve	18	99,766	1,877
Accumulated losses	19	(5,689,003)	(4,414,055)
Total equity attributable to equity holders of the Company		50,393,798	25,114,074
Total liabilities and equity		87,625,993	37,011,904

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

Prestige Biopharma Pte Ltd and its subsidiaries
Consolidated Statement of Changes in Equity
Years Ended June 30, 2019 and 2018

(in USD)	Notes	Attributable to equity holders of the Company				
		Share capital	Capital contribution	Translation reserve	Accumulated losses	Total equity
		$	$	$	$	$
Balance at July 1, 2018		28,198,489	1,327,763	1,877	(4,414,055)	25,114,074
Loss for the year		-	-	-	(1,274,948)	(1,274,948)
Other comprehensive income						
Exchange differences		-	-	97,889	-	97,889
Total comprehensive loss for the year		-	-	97,889	(1,274,948)	(1,177,059)
Transactions with owners						
Conversion of convertible loan	17	25,000,000	-	-	-	25,000,000
Waiver of interest from a share holder	18	-	1,456,783	-	-	1,456,783
Total transactions with owners		25,000,000	1,456,783	-	-	26,456,783
Balance at June 30, 2019		53,198,489	2,784,546	99,766	(5,689,003)	50,393,798
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		-	-	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	17	17,300,000	-	-	-	17,300,000
Waiver of interest from a share holder	18	-	1,327,763	-	-	1,327,763
Total transactions with owners		17,300,000	1,327,763	-	-	18,627,763
Balance at June 30, 2018		28,198,489	1,327,763	1,877	(4,414,055)	25,114,074

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

Prestige Biopharma Pte. Ltd. and subsidiaries
Consolidated Statement of Cash Flows
June 30, 2019 and 2018

(in USD)	Notes	2019	2018
		$	$
Cash generated from/(used in) operations	25	3,321,077	(582,824)
Cash used in investing activities			
Additions to property, plant and equipment		(610,793)	(722,707)
Additions to for intangible assets		(30,563,677)	(14,942,416)
Loan to director-related company[1]		(1,963,703)	(1,983,163)
Interest paid		-	(1,115,387)
Additions to other assets		(9,635)	(3,279)
Net cash used in investing activities		(33,147,808)	(18,766,952)
Cash flows from financing activities			
Proceeds from borrowings		35,000,000	21,000,000
Repayments of borrowings		-	(3,053,000)
Repayments of finance lease liabilities		(1,567)	(654)
Net cash inflow from financing activities		34,998,433	17,946,346
Net increase/(decrease) in cash and cash equivalents		5,171,702	(1,403,430)
Cash and cash equivalents at the beginning of the financial year		3,336,383	4,736,807
Effects of exchange rate changes on cash and cash equivalents		2,264	3,006
Cash and cash equivalents at the end of the year	7	8,510,349	3,336,383

Non cash transactions:

[1] During the financial year ended June 30, 2018, a part of the loan advanced to a related party, Prestige Bioresearch Pte Ltd, amounting to $689,960 was repaid through research services provided by the related party in connection with the development of certain intangible assets of the Group.

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, 2019, its major shareholders are as follows:

	2019		2018	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
Park Soyeon	1,541,967	18.37%	3,217,013	40.88%
Kim Michael Jinwoo	1,541,967	18.37%	3,217,013	40.88%
Mayson Partners Pte Ltd	2,519,135	30.01%	-	-
Octava Fund Limited	1,566,304	18.66%	-	-
Dawnbright & Company Pte Ltd	830,957	9.90%	-	-
Octava Pte Ltd	250,000	2.98%	1,434,886	18.24%
Others	143,177	1.71%	-	-
	8,393,507	100.00%	7,868,912	100.00%

1.1 Consolidated subsidiaries

Details of the consolidated subsidiaries as at June 30, 2019 and 2018, are as follows:

	Location	2019 Ownership interest held by the Group (%)	2018 Ownership interest held by the Group (%)	Financial year end	Principal activities
Prestige Biopharma Australia Pty Ltd	Australia	100	100	June	Scientific Research Studies
Prestige Biopharma Belgium BVBA	Belgium	99	99	June	Scientific Research Studies

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, 2019, the Group's current liabilities exceeded its current assets by $13,376,016 (2018: $6,274,529). 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 30 for funding received subsequent to the financial year ended June 30, 2019.

2.2 Changes in accounting policies and disclosures

On 1 July 2018, the Group adopted the new or amended IFRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS.

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, 2018 and have not been early adopted by the Group are set out below.

- Enactment of IFRS 16 *Leases (effective for the Group's annual period beginning on July 1, 2019)*

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*.

2. Significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

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

- Enactment of IFRS 16 *Leases* (continued)

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 entity 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.

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 $243,981 (Note 26). 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. Significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

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

- Annual Improvements 2015-2017 Cycle (issued in December 2017) *(effective for the Group's annual period beginning on July 1, 2019)*

  These improvements include:

  IAS 23 Borrowing Costs
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements in the period of initial adoption.

2.3 Consolidation

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

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.

2. Significant accounting policies (continued)

2.3 Consolidation (continued)

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 recorded 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 change 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.

2.4 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.

2. Significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances (continued)

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.

2.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss, and
- Amortised cost.

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

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

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

(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.

(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 at amortised cost.

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.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Equity investments are classified as fair value through profit or loss with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains/(losses)", except for those equity securities which are not held for trading. 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)

2.5 Financial assets (continued)

(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.

For trade receivables, the Group applies the simplified approach permitted by the IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(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.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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)

2.6 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.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses)".

2.7 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)

2.7 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.

2.8 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 in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. 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. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Significant accounting policies (continued)

2.9 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' and 'borrowings' in the statement of financial position.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is discharged, cancelled, expired or when the terms of an existing financial liability are substantially modified.

2.10 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 convertible loans of the Company comprise compound financial instruments and hybrid instruments. These instruments are convertible into equity instruments at the option of the holder.

2. Significant accounting policies (continued)

2.10 Borrowings (continued)

(b) Convertible loans (continued)

(i) *Classification*

Hybrid instruments

For convertible loans which are hybrid instruments, the total proceeds from convertible loans issued are allocated to the host debt liability component and the embedded derivative liability. The embedded derivative is separated from the host debt component and accounted for as a derivative liability as the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host debt instrument.

Compound financial instruments

For convertible loans which are compound financial instruments, 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.

(ii) Measurement

Hybrid instruments

For hybrid instruments, the difference between the total proceeds and the embedded derivative component is allocated to the host debt component. The embedded derivative is subsequently measured at fair value through profit or loss. When the conversion option is exercised, the carrying amount of the host debt component is transferred to share capital.

The host debt component is recognised initially at its fair value. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the loans.

Compound financial instruments

For compound financial instruments, 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. Significant accounting policies (continued)

2.10 Borrowings (continued)

(b) Convertible loans (continued)

(ii) Measurement (continued)

Compound financial instruments (continued)

The host debt 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 loans.

2.11 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.

2.12 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.

2. Significant accounting policies (continued)

2.13 Current and deferred tax (continued)

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

The Group recognises a deferred tax liability on 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.

2.14 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 capitalisation 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.

2.15 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)

2.16 Revenue recognition

(a) Sale of goods

Sales of pharmaceutical products 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 agreements. Consideration is received subject to the completion of certain milestones. License fees for the right to use the intellectual property are recognised at point in time when the license is granted to its customer, and there is substantially no unfulfilled obligation that could affect the functionality of the license. License fees for the distribution rights are recognised over time as the underlying sales are recorded by licensee.

2.17 Interest income

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

2.18 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.

2.19 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.

2. Significant accounting policies (continued)

2.20 Share capital

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

2.21 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.22 Approval of Issuance of the Financial Statements

The consolidated financial statements for the financial years ended June 30, 2019 and 2018 were authorised for issue in accordance with a resolution of the Board of Directors of Prestige Biopharma Pte Ltd. on November 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% (2018: 18%).

Based on the impairment assessment performed by management on June 30, 2018 and June 30, 2019, 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, 2019, 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 $1,964,463. If the discount rate had increased by 5% the Group would not have recognised an impairment charge.

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.

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

The fair value of the financial asset at fair value through profit or loss as at June 30, 2019, which relates to the Company's investment in ordinary shares (2018: Redeemable Convertible Preferred Stock) of an unquoted related party has been determined based on a valuation performed by an independent professional firm using the Discounted Cash Flow Model (2018: 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 asset at fair value through profit or loss as at June 30, 2019 is $8,037,931 (2018: $5,444,794).

(c) Capitalisation of development costs

The Group incurs costs to develop its new biosimilar drugs, HD201 and HD204. 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, 2019, the carrying amount of development costs capitalised at the end of the reporting period was $52,889,704 (2018: $20,268,189). 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, 2018, 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, 2018, the Group recorded an allowance for impairment on this loan amounting to $2,641,274 based on the life-time expected credit loss on this loan. The Group has determined that this loan continues to be credit-impaired as at June 30, 2019 based on the financial information of the related party that is available.

During the financial year ended June 30, 2019, the Company extended an additional loan amounting to $2,154,853 in conjunction with the planned changes in the business model of PBR which is expected to allow the Company to recover its loans through the R&D services which Prestige Bioresearch Pte. Ltd. will provide to the Company in connection with the Company's development of its pharmaceutical products.

In its assessment of the lifetime expected credit losses, management has performed a discounted cash flow analysis under various scenarios and the key assumptions related to management's expectation of the revenue. Based on the assessment performed by management, the lifetime expected credit losses on the loan to Prestige Bioresearch Pte. Ltd. remains at $2,641,274 as at June 30, 2019. If the forecasted revenue is 20% lower than management's estimates, the Group will recognise an impairment charge on the loan amounting to $927,756. If the discount rate increased by 20%, no additional impairment charge will be recognised.

As of June 30, 2019, the Company has continued to recorded the lifetime expected credit loss of $2,641,274 (Note 4.1.2)

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.

(e) *Financial liability at fair value through profit or loss*

The financial liability at fair value through profit or loss relates to the embedded derivative on the Company's convertible loan from Octava Pte. Ltd.. The fair value of this embedded derivative 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 embedded derivative are described in more detail in Note 5.3.

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 financial assets and liabilities denominated in currencies other than functional currency.

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 gains/losses.

As this risk arises mainly from trade and other receivables, cash, trade and other payables and borrowings denominated in foreign currencies, management reduces the risk by monitoring fluctuations in the foreign exchange market.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

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, 2019 and 2018 are as follows:

(in USD)		**2019**		**2018**	
		Foreign currency	**USD**	**Foreign currency**	**USD**
Financial assets					
Trade and other receivables	SGD	1,577,056	1,144,911	-	-
Cash and bank balances	SGD	683,889	496,489	24,448	18,627
Cash and bank balances	EUR	226,324	252,397	-	-
Financial liabilities					
Trade and other payables	SGD	1,760,973	1,278,431	410,359	300,629
Trade and other payables	EUR	3,745,611	4,177,105	854,544	995,948
Trade and other payables	KRW	-	-	120,000,000	107,429
Borrowings	SGD	57,402	41,673	47,337	34,679

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 Singapore Dollar ("SGD"), Euro ("EUR") and Korean Won ("KRW") has strengthened/weakened by 10% with all other variables held constant.

(in USD)		Impact on post-tax profit		Impact on equity	
		2019	**2018**	**2019**	**2018**
		$	$	$	$
SGD	Strengthened	32,130	(31,668)	32,130	(31,668)
	Weakened	(32,130)	31,668	(32,130)	31,668
EUR	Strengthened	(392,471)	(99,595)	(392,471)	(99,595)
	Weakened	392,471	99,595	392,471	99,595
KRW	Strengthened	-	(10,743)	-	(10,743)
	Weakened	-	10,743	-	10,743

(b) Price risk

The Group is exposed to equity securities price risk arising from investments in unquoted ordinary shares (2018: redeemable convertible preference shares) held by the Group that are classified as financial asset at fair value through profit or loss in the consolidated statement of financial position (Note 8).

(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 Group obtains financing primarily from the convertible loans issued to a shareholder. For the financial years ended June 30, 2019 and 2018, the finance cost relating to the convertible loans have been capitalised on the qualifying intangible assets and as a result, a reasonable possible change to the interest rates would not have a material impact on post-tax profit. The group will cease capitalising its finance cost when all the activities necessary to prepare the qualifying intangible assets are complete.

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, 2019 and 2018 are as follows:

(in USD)	**2019**	**2018**
	$	$
Cash and cash equivalents	8,510,349	3,336,383
Financial assets at fair value through profit and loss	8,037,931	5,444,794
Trade and other receivables	10,344,853	1,013,405
Other assets	55,655	46,020

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.2 Credit risk (continued)

For the financial years ended June 30, 2019 and 2018, 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 forward-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)

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, 2018, the Group determined that the loan due from the related party remains in stage 3 and accordingly recorded an allowance for impairment on this loan amounting to $2,641,274 based on the life-time expected credit loss on this loan.

For the financial year ended June 30, 2019, the Group had determined that there were no changes in credit risk and the life-time expected credit loss of $2,641,274 continued to be recorded.

Changes in the loss allowances are as follows:

In USD	**Stage 3**	**Total**
	$	**$**
2019		
Opening and closing balance		
as at June 30, 2019	2,641,274	2,641,274
2018		
Opening balance	2,467,771	2,467,771
Charged to profit or loss:		
Allowance for impairment	173,503	173,503
Closing balance as at June 30, 2018	2,641,274	2,641,274

Trade receivables are subject to immaterial credit loss.

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, 2019, June 30, 2018 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**
	$	$	$	$
2019				
Financial liability at fair value through profit or loss	437,800	-	-	-
Borrowings	16,617,728	-	-	435,571
Trade and other payables	12,188,783	8,211	-	-
2018				
Borrowings	6,061,500	-	-	444,744
Trade and other payables	4,791,873	9,778	-	-

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 of non-current borrowings and loans to related parties are disclosed in Note 5.1.

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 borrowings and derivative financial instruments 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, 2019 and 2018, were as follows:

(in USD)	**2019**	**2018**
	$	$
Financial liability at fair value through profit or loss	437,800	-
Borrowings	16,659,401	6,096,179
Less: Cash and cash equivalents	(8,510,349)	(3,336,383)
Net Debt	8,586,852	2,759,796
Total Equity	50,393,798	25,114,074
Total Capital	58,980,650	27,873,870
Gearing ratio	15%	10%

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, 2019 and 2018 are as follows:

(in USD)	2019		2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	$	$	$
Financial assets				
Financial asset, at fair value through profit and loss	8,037,931	8,037,931	5,444,794	5,444,794
Financial assets, at amortised cost	18,910,857	18,910,857	4,395,808	4,395,808
	26,948,788	26,948,788	9,840,602	9,840,602
Financial liabilities				
Financial liability, at fair value through profit or loss	437,800	437,800	-	-
Financial liabilities, at amortised cost	28,856,395	28,856,395	10,897,830	10,897,830
	29,294,195	29,294,195	10,897,830	10,897,830

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.

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).

5. Fair value (continued)

5.2 Fair value hierarchy (continued)

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at June 30, 2019 and 2018 are as follows:

(in USD)	**Level 3**
	$
2019	
Financial assets/liabilities that are measured at fair value	
Financial asset at fair value through profit or loss	8,037,931
Financial liability at fair value through profit or loss	437,800
2018	
Financial assets/liabilities that are measured at fair value	
Financial asset at fair value through profit or loss	5,444,794

5.3 Valuation techniques and the inputs

The Company engaged external, independent and qualified valuers to determine the fair value of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss for the financial year ended 30 June 2019.

For the valuations 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.

Financial asset at fair value through profit or loss

The fair value of the ordinary shares (2018: redeemable convertible preference shares) have been established using the Discounted Cash Flow Model (2018: Binomial Option Pricing Model) and is classified as a level 3 valuation.

For the year ended 30 June 2019, key inputs to the Discounted Cash Flow Model comprises the weighted average cost of capital, terminal growth rate and forecasted revenue used to calculate the present value of the future cash flows of the asset.

Forecasted revenue is based on management's latest discussions and negotiations with distributors which provides management with a view of its expected market share and selling prices of the products being developed.

5. Fair value (continued)

5.3 Valuation techniques and the inputs (continued)

Financial asset at fair value through profit or loss (continued)

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

(in USD)

	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
2019					
Ordinary shares	$ 8,037,931	3	Discounted cash flow	Weighted average cost of capital	16.8%
				Revenue	4,016,000-114,929,000 /annum
				Terminal growth rate	1%
2018					
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	Effects on the post tax profit: Increase/ (Decrease) If input increase	Increase/ (Decrease) If input decrease
	%	$	$
2019			
Weighted average cost of capital	0.50	(9,706)	10,371
Revenue	5.00	61,961	(31,205)
Terminal growth rate	0.50	7,053	(6,621)
2018			
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

5. Fair value (continued)

5.3 Valuation techniques and the inputs (continued)

Financial liability at fair value through profit or loss

The fair value of the embedded derivative (Note 15) has been established using the Binomial Option Pricing Model and is classified as a level 3 valuation.

For the year ended June 30, 2019, key inputs to the Binomial Option Pricing Model comprises the volatility and the risk free interest rate.

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

(in USD)

	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
2019					
Derivative financial instrument	437,800	3	Binomial Option Pricing Model	Volatility	100%
				Discount rate	2.12%

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

(in USD)

	Change applied	Effects on the post tax profit Increase/ (Decrease) If input increase	Increase/ (Decrease) If input decrease
	%	$	$
2019			
Volatility	10.00	(161,800)	134,900
Risk free interest rate	0.50	1,500	(1,800)

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, 2019 and 2018 are as follows:

(in USD)	June 30, 2019		
	Financial assets at amortised cost	**Financial asset at fair value through profit and loss**	**Total**
Financial assets	$	$	$
Cash and cash equivalents	8,510,349	-	8,510,349
Financial asset at fair value through profit and loss	-	8,037,931	8,037,931
Other assets	55,655	-	55,655
Trade and other receivables	10,344,853	-	10,344,853
	18,910,857	8,037,931	26,948,788

(in USD)	June 30, 2019		
	Financial liabilities at amortised cost	**Financial liability at fair value through profit or loss**	**Total**
Financial liabilities	$	$	$
Borrowings	16,659,401	-	16,659,401
Financial liability at fair value through profit and loss	-	437,800	437,800
Trade and other payables	12,196,994	-	12,196,994
	28,856,395	437,800	29,294,195

(in USD)	June 30, 2018		
	Financial assets at amortised	**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 assets	46,020	-	46,020
Trade and other receivables	1,013,405	-	1,013,405
	4,395,808	5,444,794	9,840,602

6. Financial instruments by category (continued)

6.1 Carrying amounts of financial instruments by category (continued)

(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

6.2 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, 2019 and 2018, are as follows:

(in USD)	**2019**	**2018**
	$	$
Financial assets measured at amortised cost		
Interest income	191,150	13,892
Impairment loss on financial assets	-	(173,503)
Financial assets measured at fair value through profit and loss		
Gain on conversion of loan into unquoted redeemable convertible preference shares	-	40,275
Gain on conversion of redeemable convertible preference shares to ordinary shares	1,513,132	-
Fair value gains	1,080,005	686,074
Financial liabilities measured at amortised cost		
Interest expense	-	(227)
Financial liability measured at fair value through profit and loss		
Fair value loss	(41,400)	-

7. Cash and cash equivalents

Cash and cash equivalents as at June 30, 2019 and 2018 consists of:

(in USD)	**2019**	**2018**
	$	$
Cash in bank and on hand	8,510,349	3,336,383

8. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss as at June 30, 2019 and 2018 include the following classes of financial assets:

(in USD)	**2019**	**2018**
	$	$
Investment in unquoted ordinary shares	8,037,931	-
Investment in unquoted redeemable convertible preference shares	-	5,444,794

Changes in financial assets at fair value through profit or loss for the years ended June 30, 2019 and 2018 are as follows:

(in USD)	**2019**	**2018**
	$	$
Beginning of financial year	5,444,794	1,748,445
Additions (Note 9(iii))	-	2,970,000
Gain on conversion of loan into unquoted redeemable convertible preference shares	-	40,275
Gain on conversion of redeemable convertible preference shares to ordinary shares (Note 21)	1,513,132	-
Fair value gains (Note 21)	1,080,005	686,074
End of financial year	8,037,931	5,444,794

On December 31, 2018, the Group converted the redeemable convertible preferences shares held in its related party, Prestige Biopharmaceuticals Co., Ltd, into ordinary shares at a conversation ratio of 1:1. Upon conversion of the redeemable convertible preference shares to ordinary shares, the Group recorded a gain of $1,513,132.

During the financial year ended June 30, 2018, 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 year ended June 30, 2018, the Group recorded a gain of $40,275 (Note 21).

9. Trade and other receivables

(in USD)

	2019	2018 Restated (Note 29)
	$	$
Trade receivables		
- Third parties	7,350,000	1,000,000
- Prestige Biopharmaceuticals Co., Ltd (ii)	840,000	-
Other receivables		
- Amount due from a related party (Note 27)	-	13,405
- Loans to related parties (Note 27):		
- Prestige Bioresearch Pte Ltd (i)	4,796,127	2,641,274
- Less: Allowance for impairment of receivables (Note 4.1.2)	(2,641,274)	(2,641,274)
	2,154,853	-
- Prestige Biopharmaceuticals Co., Ltd (iii)	-	-
	10,344,853	1,013,405
Less: loans to related parties (non-current portion)	(2,154,853)	-
Current portion	8,190,000	1,013,405

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 Prestige Bioresearch Pte Ltd is unsecured, bears interest at 1.5% 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) On July 9, 2018, the Company entered into a collaboration 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 share the net sales related to the two biosimilar drugs in the ratio of 84%:16% respectively. Prestige Biopharmaceuticals Co., Ltd has committed to contribute up to a maximum of $10,000,000 in development expenses in connection with the collaboration agreement.

(iii) During the financial year ended June 30, 2018, the Group had extended a 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 year ended June 30, 2018, the parties agreed to convert the loan amounting to $3,000,000 into 87,923 redeemable convertible preference shares (“RCPS”). Accordingly, the Group wrote off accrued interest income of $13,892.

9. Trade and other receivables (continued)

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

(in USD)	**2019**	**2018**
	$	$
Beginning of financial year	-	-
Additions	-	2,970,000
Accrued interest income	-	13,892
Converted to redeemable convertible preference shares (Note 8)	-	(2,970,000)
Write-off of accrued interest income (Note 21)	-	(13,892)
End of financial year	-	-

10. Other assets

(in USD)	**2019**	**2018**
	$	$
Prepaid expenses	557,165	18,448
Deposits	55,655	46,020
Goods and service tax receivables	91,764	210,608
	704,584	275,076
Less: non-current portion	(55,655)	(46,020)
Current portion	648,929	229,056

11. Property, plant and equipment

Details of property and equipment as at June 30, 2019 and 2018 are as follows:

(in USD)	**2019**			**2018**		
	Cost $	**Accumulated depreciation** $	**Net book value** $	**Cost** $	**Accumulated depreciation** $	**Net book value** $
Laboratory equipment	1,570,202	(748,502)	821,700	988,901	(294,974)	693,927
Furniture and fittings	27,610	(18,488)	9,122	26,765	(9,517)	17,248
Computer	34,651	(6,719)	27,932	6,004	(795)	5,209
Office equipment	12,704	(6,933)	5,771	12,704	(2,699)	10,005
Renovation	107,714	(67,732)	39,982	107,714	(35,096)	72,618
	1,752,881	(848,374)	904,507	1,142,088	(343,081)	799,007

11. Property, plant and equipment (continued)

Changes in property, plant and equipment for the years ended June 30, 2019 and 2018 are as follows:

(in USD)

	Laboratory equipment	Furniture and fittings	Computer	Office equipment	Renovation	Total
	$	$	$	$	$	$
2019						
Opening net book value	693,927	17,248	5,209	10,005	72,618	799,007
Additions	581,301	845	28,647	-	-	610,793
Depreciation	(453,528)	(8,971)	(5,924)	(4,234)	(32,636)	(505,293)
Closing net book value	821,700	9,122	27,932	5,771	39,982	904,507
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

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 $5,376 as at June 30, 2019 (June 30, 2018: $9,300).

12. Intangible assets

Intangible assets as at June 30, 2019 and 2018 consist of:

(in USD)

	Cost	Accumulated amortisation	Net book value
	$	$	$
2019			
Intellectual property rights (Note 12.1)	6,061,109	-	6,061,109
Patents (Note 12.2)	172,956	-	172,956
Development costs (Note 12.3)	52,889,704	-	52,889,704
	59,123,769	-	59,123,769
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

Changes in intellectual property rights, development costs and trademarks and patents for the years ended June 30, 2019 and 2018, are as follows:

(in USD)

	Intellectual property rights	Patents	Development costs	Total
	$	$	$	$
2019				
Beginning net book value	5,800,751	74,299	20,268,189	26,143,239
Additions	260,358	98,657	32,621,515	32,980,530
Ending net book value	6,061,109	172,956	52,889,704	59,123,769
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

12. Intangible assets (continued)

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.

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 $260,358 and $314,206 have been capitalised as IP for the years ended June 30, 2019 and 2018.

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. Intangible assets (continued)

12.3. Development costs

Carrying amount of the development project as at June 30, 2019 and 2018 are as follows:

(in USD)		2019	2018
	Name of separate	**Carrying amount**	**Carrying amount**
Related account	**asset**	$	$
Development costs	HD201	41,418,241	20,268,189
Development costs	HD204	11,471,463	-
		52,889,704	20,268,189

HD201 is a product developed for the treatment of breast cancer. HD204 is a product developed for the treatment of lung cancer.

The Group recognised total research and development costs of $1,530,343 (2018: $1,243,312) as expenses. These costs were not capitalised as the respective products that they were incurred for were still in the pre-clinical trial phase.

Included in the additions to development costs for the years ended June 30, 2019 and 2018 are capitalised borrowing costs of $2,156,495 and $1,739,924 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% (2018: 18%) reflect specific risks relating to the Company's products.

No impairment charge was recognised for the financial years ended June 30, 2018 and 2019.

13. Trade and other payables

(in USD)	**2019**	**2018**
	$	$
Trade payables	5,929,408	2,894,969
Other payables:		
Amount due to directors	664,552	673,023
Other related parties (i)	3,668,699	897,485
	4,333,251	1,570,508
Trade and other payables	10,262,659	4,465,477
Accrued development expenses	1,532,311	123,847
Accrued operating expenses	402,024	212,327
Trade and other payables and other liabilities	12,196,994	4,801,651
Less: non-current portion	(8,211)	(9,778)
Current	12,188,783	4,791,873

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.

(i) The payables relate to the Company's collaboration agreement with Prestige Biopharmaceuticals co., Ltd as disclosed in Note 9(ii).

14. Borrowings

Details of carrying amount of borrowings as at June 30, 2019 and 2018 are as follows:

Current

Category		**Creditor**	**Latest maturity date**	**Monthly interest rate (%)**		**2019**	**2018**
						$	$
Convertible loan	US Dollar	Octava Biotech Pte Ltd	September 30, 2019	1.5	(a)	-	6,061,500
Convertible loan	US Dollar	Octava Fund Ltd	December 31, 2019	1.5	(b)	16,617,728	-
						16,617,728	6,061,500

Non-current

Category		**Creditor**	**Latest maturity date**	**Monthly interest rate (%)**		**2019**	**2018**
						$	$
Long-term borrowings	Singapore Dollar	Prestige Biopharmaceuticals Co.Ltd	January 4, 2031	-	(c)	41,673	34,679
						41,673	34,679

14. Borrowings (continued)

(a) 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. The loans are convertible into ordinary shares of the Company. 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. During the year ended June 30, 2019, 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 17).

(b) On January 17, 2019, the Company entered into an agreement with Octava Pte. Ltd. where a facility was granted to allow the Company to issue convertible loans up to $20,000,000, bearing interest at a rate of 1.5% per month. This facility is repayable on demand at the option of Octava Pte. Ltd.. As at June 30, 2019, the Company had issued convertible loans to Octava Pte. Ltd. amounting to $16,000,000. Subsequent to the year ended June 30, 2019, the Company issued additional convertible loans to Octava Pte Ltd amounting to $4,000,000 and as a result utilised the full amount of the facility of $20,000,000.

During the year ended June 30, 2019, Octava Pte. Ltd. transferred the outstanding loan balance of $16,617,728 to Octava Fund Limited.

(c) 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 subsequently. 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, 2019 and 2018.

15. Financial liability at fair value through profit or loss

During the financial year, the Group entered into a convertible loan Note 14(b) which is a hybrid instrument that contains an embedded derivative. The embedded derivative is separated from the host debt component as the economic characteristic and risks of the embedded derivative are not closely related to the economic characteristic and risk of the host debt component.

(in USD)	**Fair value**
	$
June 30, 2019	
Embedded derivative	437,800

The fair value of the embedded derivative has been established using the Binomial Option Pricing Model as disclosed in Note 5.3.

16. 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)	**2019**	**2018**
	$	$
Tax expense attributable to results is made up of:		
Current income tax	-	-
Foreign Income tax	165,012	-
	165,012	-

(in USD)	**2019**	**2018**
	$	$
Loss before income tax expense	(1,109,936)	(2,028,737)
Tax calculated at 17%	(188,689)	(344,885)
Tax effects of:		
Different tax rate in other countries	(1,393)	-
Income not subject to tax	(433,795)	(123,479)
Research and development tax incentives	(8,559,833)	-
Unrecognised deferred tax assets	9,132,495	52,357
Expenses not deductible for tax purposes	51,215	416,007
Tax deducted at source	165,012	-
Income tax expense	165,012	-

The Group has unrecognised tax losses, which includes research and development tax incentives, amounting to $53,151,990 (2018: Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

17. Share capital

The Company's total number of ordinary shares issued is 8,393,507 shares (2018: 7,868,912 shares).

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**
			$
July 1, 2017		6,961,367	10,898,489
Issuance of shares at USD 19.06 per share	(a)	907,545	17,300,000
June 30, 2018		7,868,912	28,198,489
July 1, 2018		7,868,912	28,198,489
Issuance of shares at USD 47.66 per share	(b)	524,595	25,000,000
June 30, 2019		8,393,507	53,198,489

(a) On May 30, 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 Pte Ltd at the exercise price of $19.06 per share.

(b) As set out in Note 14(a), on January 31, 2019 Octava Pte Ltd exercised its right to convert the loan into ordinary shares of the Company. The Company issued 524,595 shares pursuant to the $25,000,000 convertible loan from Octava Pte Ltd at the exercise price of $47.66 per share.

18. Other comprehensive income and other components of equity

Changes in other comprehensive income for the years ended June 30, 2019 and 2018, are as follows:

(in USD)	**Beginning balance**	**Increase/ (decrease)**	**Reclassification to profit or loss**	**Ending balance**
	$	$	$	$
2019				
Currency translation differences	1,877	97,889	-	99,766
2018				
Currency translation differences	-	1,877	-	1,877

The changes in other comprehensive income are net of tax.

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

Other components of equity as at June 30, 2019 and 2018, consists of:

(in USD)		**2019**	**2018**
		$	$
Capital contribution	(a)	2,784,546	1,327,763
Translation reserve		99,766	1,877
		2,884,312	1,329,640

(a) Capital contribution

(in USD)	**2019**	**2018**
	$	$
Beginning of financial year	1,327,763	-
Waiver of interest	1,456,783	1,327,763
End of financial year	2,784,546	1,327,763

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

On January 31, 2019, shareholder Octava Pte. Ltd. exercised their option to convert their loan of $25,000,000 into shares of the Company. Upon conversion, the shareholder had waived all outstanding accrued interest owing by the Company (Note 17(b)).

On May 30, 2018, shareholder Octava Pte. Ltd. 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 17(a)).

19. Accumulated losses

The movement in accumulated losses for the years ended June 30, 2019 and 2018, is as follows:

(in USD)	**2019**	**2018**
	$	$
Accumulated losses brought forward	4,414,055	2,385,318
Loss for the year	1,274,948	2,028,737
Accumulated losses carried forward	5,689,003	4,414,055

20. Revenue contract with customers

The Group recognises revenue from license fees as follows:

(in USD)	**2019**	**2018**
	$	$
Korea		
License fee – right to use	1,680,000	-

Contract liabilities

(in USD)	**2019**	**2018 Restated (Note 29)**
	$	$
Korea		
License fee – Distribution rights	7,938,000	1,000,000

Contract liabilities relate to upfront license fees for distribution rights granted and milestone payments received prior to regulatory approval on products. The contract liabilities increased as a result of new contracts entered during the financial year where consideration has been received or is receivable ahead of the provision of services.

Management expects the transaction price of $1,480,983 allocated to the unsatisfied performance obligations as at June 30, 2019 to be recognised as revenue during the next reporting period. The remaining amount of $6,457,017 is expected to be recognised in the subsequent reporting periods up to the financial year ended June 30, 2029.

Management expects the transaction price of $1,000,000 allocated to the unsatisfied performance obligations as at June 30, 2018 to be recognised after June 30, 2019.

21. Other gains/(losses)

Details of other gains and losses for the years ended June 30, 2019 and 2018, are as follows:

(in USD)	**2019**	**2018**
	$	$
Currency exchange (losses)/gains - net	(114,950)	349,429
Write-off of accrued interest income (Note 9(iii))	-	(13,892)
Gain on conversion of loan into unquoted redeemable convertible preference shares (Note 8)	-	40,275
Gain on conversion of redeemable convertible preference shares to ordinary shares (Note 8)	1,513,132	-
Fair value loss on financial liability at fair value through profit or loss (Note 15)	(41,400)	-
Fair value gains on financial asset at fair value through profit or loss (Note 8)	1,080,005	686,074
	2,436,787	1,061,886

22. Employee compensation

(in USD)	**2019**	**2018**
	$	$
Wages and salaries	1,387,254	506,449
Employer's contribution to defined contribution plan	118,510	54,445
	1,505,764	560,894

23. Finance income and costs

(in USD)	**2019**	**2018**
	$	$
Finance income		
Interest from loans to a related party	191,150	13,892
Finance costs		
Interest expense:		
Convertible loans	2,409,451	1,824,591
Borrowings	-	223,297
Others	7,402	6,469
	2,416,853	2,054,357
Less: Amount capitalised in intangible asset	(2,416,853)	(2,054,130)
Amount recognised in profit or loss	-	227

Finance expenses on general financing were capitalised at a rate of 24% per annum (2018: 20.4% per annum) (Note 12.1 and Note 12.3).

24. Losses per share

Basic losses per share is calculated by dividing the loss 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)	**2019**	**2018**
	$	$
Losses attributable to the ordinary equity holders of the Company	(1,274,948)	(2,028,737)
Weighted average number of ordinary shares outstanding	8,084,499	7,021,041
Basic and diluted losses per share	0.16	0.29

24. Losses per share (continued)

(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, 2019 and June 30, 2018. Potential dilutive ordinary 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.

25. Cash (used in)/generated from operations

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

(in USD)	**2019**	**2018**
	$	$
Loss before income tax	(1,109,936)	(2,028,737)
Adjustments for:		
Impairment loss on financial assets (Note 4.1.2)	-	173,503
Gain on conversion of redeemable convertible preference shares to ordinary shares (Note 21)	(1,513,132)	-
Fair value gain on financial asset at fair value through profit or loss (Note 21)	(1,080,005)	(686,074)
Fair value loss on financial liability at fair value through profit or loss (Note 21)	41,400	-
Gain on conversion of loan into unquoted redeemable convertible preference shares (Note 8)	-	(40,275)
Depreciation (Note 11)	505,293	218,720
Finance costs (Note 23)	-	227
Finance income (Note 23)	(191,150)	(13,892)
Write-off of accrued interest income (Note 9(ii))	-	13,892
Unrealised exchange loss	86,706	27
Change in operating assets and liabilities, net of effects from purchase of controlled entity and exchange differences on consolidation):		
Increase in trade and other receivables	(1,676,595)	(13,405)
Increase in other assets	(419,873)	(10,563)
Increase in deferred income	1,438,000	-
Increase in trade payables and other payables	7,255,381	1,803,753
Cash generated from/(used in) operations	3,336,089	(582,824)
Withholding tax paid	(15,012)	-
Cash generated from/(used in) operations	3,321,077	(582,824)

25. 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, 2019 and 2018, are as follows:

(in USD)	Liabilities from financing activities			
	Non-current lease liabilities	**Borrowings**	**Financial liability at fair value through profit or loss**	**Total**
	$	**$**	**$**	**$**
At July 1, 2017	-	5,836,816	-	5,836,816
Proceeds	10,205	21,000,000	-	21,010,205
Repayments	(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
Proceeds	-	34,603,600	396,400	35,000,000
Repayments	(1,567)	-	-	(1,567)
Non-cash changes:				
Conversion of convertible loan	-	(25,000,000)	-	(25,000,000)
Waiver of interest from a shareholder	-	(1,456,783)	-	(1,456,783)
Loss on financial liability at fair value of profit or loss	-	-	41,400	41,400
Exchange differences	-	(448)	-	(448)
Accrued interest	-	2,416,853	-	2,416,853
At June 30, 2019	8,211	16,659,401	437,800	17,105,412

25. 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, 2019 and 2018, are as follows:

(in USD)	**2019**	**2018**
	$	$
Cash and cash equivalents	8,510,349	3,336,383
Current portion of financial assets	8,838,929	242,461
Derivative financial instrument	(437,800)	-
Borrowings – repayable within one year	(16,617,728)	(6,061,500)
Borrowings – repayable after one year	(41,673)	(34,679)
Net cash/(debt)	252,077	(2,517,335)
Cash and current portion of financial assets	17,349,278	3,578,844
Gross debt – fixed interest rates	(17,097,201)	(6,096,179)
Net cash/(debt)	252,077	(2,517,335)

26. Commitments

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

	2019	**2018**
Total lease payments	$	$
Within one year	180,096	172,784
Later than one year but not later than five years	63,885	234,499
	243,981	407,283

27. Related party transactions

Interests in subsidiaries as at June 30, 2019 and 2018, are as follows

	Percentage of ownership (%)	
	2019	**2018**
Prestige Biopharma Belgium BVBA	99 %	99 %
Prestige Biopharma Australia Pty Ltd	100 %	100 %

Details of other related parties that have transactions with the Group or have outstanding balances as at June 30, 2019 and 2018, are as follows:

Type	2019	2018	Relationship
Other related parties	Prestige Bioresearch Pte Ltd	Prestige Bioresearch Pte Ltd	A Director-related Company
	Prestige Biopharmaceuticals Co., Ltd[1]	Prestige Biopharmaceuticals Co., Ltd[1]	A Director-related Company
	Octava Biotech Pte Ltd	Octava Biotech Pte Ltd	A Director-related Company
	Octava Fund Limited[2]		Shareholder
Others	Octava Pte Ltd[3]	Octava Pte Ltd	Shareholder
	Park Soyeon	Park Soyeon	Directors
	Kim Michael Jinwoo	Kim Michael Jinwoo	

1 As at June 30, 2019, the Group holds 4.0% (2018: 4.9%) shareholdings in Prestige Biopharmaceuticals Co., Ltd.
2 During the year ended June 30, 2019, Octava Pte Ltd transferred the outstanding loan of $16,617,728 to Octava Fund Limited.
3 During the year ended June 30, 2019, the Group issued 524,595 (2018: 907,545) ordinary shares to Octava Pte Ltd upon conversion of loan to equity.

27. Related party transactions (continued)

Outstanding balances arising from loans and non-trade transactions as at June 30, 2019 and 2018 are as follows:

(in USD)

		2019				
		Receivables		Payables		
Relationship	**Name of entity**	**Other receivables**	**Trade receivables**	**Borrowings**	**Financial liabilities at fair value through profit or loss**	**Trade and other payables**
		$	$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	4,796,127	-	-	-	(1,194,870)
	Prestige Biopharmaceuticals Co., Ltd	-	840,000	(41,673)	-	(2,473,829)
Shareholder	Octava Fund Limited	-	-	(16,617,728)	(437,800)	-
Subsidiaries	Prestige Biopharma Australia Pty Ltd	2,989,767	-	-	-	-
	Prestige Biopharma Belgium BVBA	285,121	-	-	-	-
Directors		-	-	-	-	(664,552)
		8,071,015	840,000	(16,659,401)	(437,800)	(4,333,251)

(in USD)

		2018			
		Receivables		Payables	
Relationship	**Name of entity**	**Other receivables**	**Trade receivables**	**Borrowings**	**Trade and other payable**
		$	$	$	$
Director-related company	Prestige Bioresearch Pte Ltd	2,641,274	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)
		2,641,274	15,615	(6,096,179)	(1,570,508)

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

27. Related party transactions (continued)

Fund transactions with related parties for the years ended June 30, 2019 and 2018 are as follows:

(in USD)		2019					
		Trade and other receivables transactions		**Borrowing transaction**		**Conversion of loan to equity**	**Trade payable transactions**
Relationship	**Name of entity**	**Revenue** $	**Other receivables** $	**Financial liabilities at fair value through profit or loss** $	**Borrowings** $	**Conversion** $	**Purchase** $
Director-related company	Prestige Bioresearch Pte Ltd	-	2,154,853	-	-	-	(1,118,439)
Shareholder	Octava Fund Limited	-	-	(437,800)	(16,617,728)	-	-
Director-related company	Octava Biotech Pte Ltd	-	-	-	(20,395,323)	25,000,000	-
	Prestige Biopharmaceuticals Co., Ltd	840,000	-	-	(7,402)	-	2,473,829

27. Related party transactions (continued)

(in USD)		2018				
		Trade and other receivables transactions		**Borrowing Transaction**		**Conversion of loan to equity**
Relationship	**Name of entity**	**Other receivables** $	**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
Director-related company	Octava Biotech Pte Ltd	-	-	(6,061,500)	-	-
	Prestige Biopharmaceuticals Co., Ltd	2,970,000	-	(7,397)	-	-

27. Related party transactions (continued)

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, 2019 and 2018, consists of:

(in USD)	**2019**	**2018**
	$	$
Directors' remuneration	580,473	267,901
Contributions to defined benefit plan	30,710	13,707
	611,183	281,608

28. Operating Segment Information

The Group's chief operating decision-makers comprises the Chief Executive Officer, the Chief Financial Officer and the directors of the Company. Management had determined the operating segments based on the reports reviewed by management that are used to make strategic decisions, allocate resources and assess performance.

As of June 30, 2019, the Group's key focus remains to be on the development of its pharmaceutical products and as such management manages and monitors the business for the Group as single business segment. Management assesses the performance of the operating segment based on the profit before tax of the Company.

The amounts reported to the management with respect to profit before tax, total asset and total liabilities are measured in a manner consistent with that of the consolidated financial statements.

(i) Geographical information

The Group's revenue by geographical area is disclosed under Note 20.

(ii) Carrying amount of non-current assets by geographical markets are as follows:

(in USD)	Non- current assets	
	30 June 2019	30 June 2018
	$	$
Korea	8,037,931	5,444,794
Singapore	62,238,784	26,988,266

Non-current assets information presented above consist of property, plant and equipment, intangible assets, financial assets at fair value through profit or loss, trade and other receivables and other assets as presented in the consolidated statement of financial position.

Revenue of $1,840,000 is derived from license fees from two (2018: nil) major customers.

29. Comparative figures

Certain comparative amounts have been restated to conform with the presentation in the current financial year as follows:

(in USD)	Note	As previously presented $	Adjustment $	As restated $
Consolidated Statement of Financial Position				
Trade and other receivables	9	13,405	1,000,000	1,013,405
Contract liabilities	20	-	1,000,000	1,000,000

The Group reassessed its contractual rights and obligations in respect of a contract and concluded that its rights and obligations in relation to that contract should be presented at its gross amount on the balance sheet rather than the net amount as previously presented. The adjustment had no impact on the profit or loss of the Group.

30. Events occurring after balance sheet date

(a) On August 4, 2019, the Company drew down the remaining $4,000,000 of the $20,000,000 convertible loan facility that was granted on January 17, 2019 (Note 15). On October 7, 2019, the full amount of this loan was converted to redeemable convertible preference shares as part of the Company's "Series C" funding (Note 30(b)).

(b) On October 17, 2019, the Company entered into a share subscription agreement with KB-SP Private Equity Fund IV, KBTS Technology Venture Private Equity Fund and Octava Fund Limited (the "lenders"), to issue redeemable convertible preference shares amounting to $71,502,660 at an issue price of $90 per share as part of the Company's "Series C" funding. The consideration for these preference shares, excluding the amount of the convertible loan that was directly converted to these preference shares as disclosed under Note 30(a), amounted to $51,502,660. These preference shares are convertible to ordinary shares by the lenders at any time after one month from the date of issuance of the preference shares and are mandatorily convertible to ordinary shares at the end of three years from the date of issuance of the preference shares. As set out in the share subscription agreement, unless certain events occur in the future, these preference shares are convertible into ordinary shares at a ratio of 1:1. These preference shares are redeemable at anytime at the option of the lenders, but are not expected to be redeemed within the next 12 months.