

GLENMARK PHARMACEUTICALS (MALAYSIA) SDN. BHD.
[200401021892 (660397 W)]
(Incorporated in Malaysia)

*Reports and audited financial statements
for the year ended 31 March 2022*

S P TAN & SUNDAR
Chartered Accountants

GLENMARK PHARMACEUTICALS (MALAYSIA) SDN. BHD.
[200401021892 (660397 W)]
(Incorporated in Malaysia)

*Reports and audited financial statements
for the year ended 31 March 2022*

Contents

	Page
Directors' report	1 - 4
Statement by directors	5
Statutory declaration	5
Independent auditors' report	6 - 9
Statement of financial position	10
Statement of profit or loss and other comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 46

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

Directors' report

For the year ended 31 March 2022

The directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2022.

Principal activity

The principal activity of the Company is trading in pharmaceutical products. There is no significant change in the nature of the Company's business during the year.

Financial results

Net profit for the year	<i>RM</i> <u>692,186</u>
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Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Dividends

No dividends were paid or declared by the Company since the end of the previous financial year.

The directors do not recommend payment of any final dividend in respect of the current financial year on the ordinary shares of the Company.

Directors of the Company

The directors in office during the financial year and at the date of this report are:-

Surdass @ Vipin Kumar

Chan Pui Sze

Kaizad Adi Hazari

Suprio Dasgupta

- Resigned on 17/08/2021

- Appointed on 17/08/2021

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

Directors' interest in shares

None of the directors who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act, 2016, any interest in shares of the Company.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other corporate.

Issue of shares and debentures

During the financial year, no issue of shares or debentures was made by the Company.

Options granted over unissued shares

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

Other statutory information

Before the financial statements were made out, the directors took reasonable steps to :-

- (i) ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
- (ii) ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

Other statutory information (contd.)

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

- (i) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
- (ii) which would render the values attributed to current assets in the financial statements of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

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

- (i) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except as stated in Note 21, the financial performance of the Company for the financial year ended 31 March 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

Immediate and Ultimate Holding Company

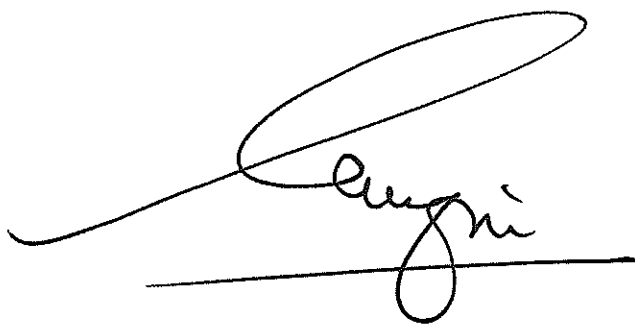
The directors consider its holding Company, Glenmark Pharmaceuticals Limited, a company incorporated in India, as its Ultimate holding Company.

Auditors

Auditors' remuneration paid or payable is disclosed in Note 15 to the financial statements.

The auditors, S P Tan & Sundar, have expressed their willingness to continue in office.

Signed on behalf of the board of directors in accordance with a resolution of the directors



SURDASS @ VIPIN KUMAR



CHAN PUI SZE

Date : 25 APR 2022

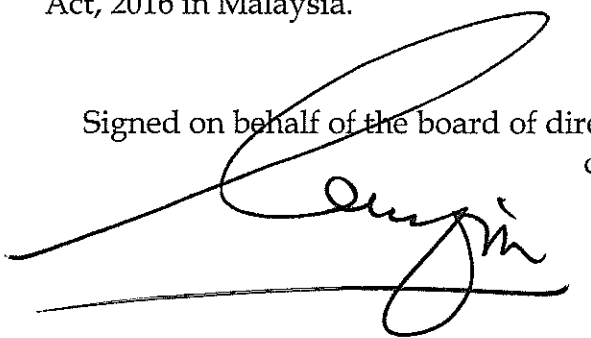
**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

Statement by directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Surdass @ Vipin Kumar and Chan Pui Sze, being two of the directors of Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the directors, the financial statements set out on pages 10 to 46 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2022 and of the results and cash flows of the Company for the year ended on that date in accordance with applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a resolution of the directors



SURDASS @ VIPIN KUMAR



CHAN PUI SZE

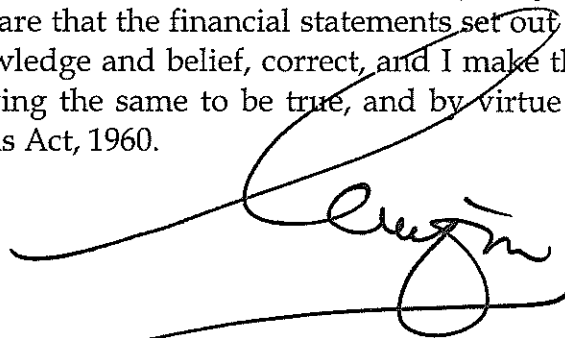
Date: 25 APR 2022

Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

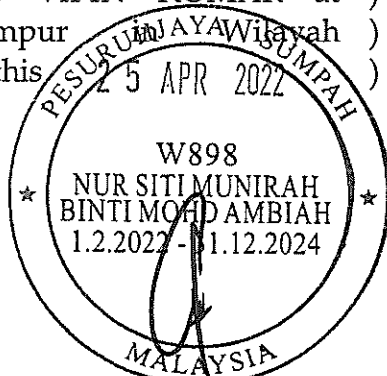
I, Surdass @ Vipin Kumar (I/C No. 511114-10-5957), being the director primarily responsible for the financial management of Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 46 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
SURDASS @ VIPIN KUMAR at)
Kuala Lumpur in JAWAJayah)
Persekutuan this)



SURDASS @ VIPIN KUMAR

Before me



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GLENMARK PHARMACEUTICALS (MALAYSIA) SDN. BHD.**

(Incorporated in Malaysia)
Company No : 200401021892 (660397 W)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GLENMARK PHARMACEUTICALS (MALAYSIA) SDN. BHD. (CONTD.)**

(Incorporated in Malaysia)

Company No : 200401021892 (660397 W)

Information Other than the Financial Statements and Auditors' Report Thereon (contd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GLENMARK PHARMACEUTICALS (MALAYSIA) SDN. BHD. (CONTD.)**

(Incorporated in Malaysia)

Company No : 200401021892 (660397 W)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GLENMARK PHARMACEUTICALS (MALAYSIA) SDN. BHD. (CONTD.)**

(Incorporated in Malaysia)
Company No : 200401021892 (660397 W)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



S P TAN & SUNDAR
AF No : 1527
Chartered Accountants



LEONG WAI LENG
2898/03/23 (J)
Chartered Accountant

Dated : 25 APR 2022

Kuala Lumpur

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

**Statement of financial position
as at 31 March 2022**

	<i>Note</i>	2022 <i>RM</i>	2021 <i>RM</i>
ASSETS			
Non current assets			
Plant and equipment	4	223,460	315,016
Right of use assets	5	301,929	79,387
Deferred tax assets	6	61,262	-
Total non current assets		<u>586,651</u>	<u>394,403</u>
Current assets			
Trade and other receivables	7	22,575,758	25,817,777
Deposits and prepayments	8	126,800	128,145
Cash and cash equivalents	9	23,764,878	19,274,532
Total current assets		<u>46,467,436</u>	<u>45,220,454</u>
Total assets		<u>47,054,087</u>	<u>45,614,857</u>
EQUITY AND LIABILITIES			
Equity			
Contributed share capital	10	5,686,618	5,686,618
Retained earnings	11	7,719,981	7,027,795
Total equity		<u>13,406,599</u>	<u>12,714,413</u>
Non current liabilities			
Lease liabilities	5	86,223	-
Deferred tax liabilities	6	-	59,685
Total non current liabilities		<u>86,223</u>	<u>59,685</u>
Current liabilities			
Trade and other payables	12	33,291,907	32,425,656
Lease liabilities (current portion)	5	233,481	86,223
Current tax liabilities		35,877	328,880
Total current liabilities		<u>33,561,265</u>	<u>32,840,759</u>
Total liabilities		<u>33,647,488</u>	<u>32,900,444</u>
Total equity and liabilities		<u>47,054,087</u>	<u>45,614,857</u>

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

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

**Statement of profit or loss and other comprehensive income
for the year ended 31 March 2022**

	<i>Note</i>	2022 RM	2021 RM
Revenue	13	56,760,867	59,862,970
Other operating income		17,465	1,580,772
Changes in inventories of trading goods		-	-
Purchase of trading goods		(27,450,336)	(22,966,219)
Employee benefits expenses	14	(6,092,021)	(7,000,229)
Depreciation of plant and equipment		(121,904)	(170,661)
Depreciation of right-of-use assets		(229,422)	(233,683)
Other operating expenses		(21,885,751)	(27,399,157)
Profit from operations	15	<u>998,898</u>	<u>3,673,793</u>
Finance cost	16	(26,014)	(19,857)
Profit before tax		<u>972,884</u>	<u>3,653,936</u>
Tax expense	17	(280,698)	(926,083)
Profit for the financial year		<u>692,186</u>	<u>2,727,853</u>
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>692,186</u></u>	<u><u>2,727,853</u></u>

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

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

**Statement of changes in equity
for the financial year ended 31 March 2022**

	<i>Share capital RM</i>	<i>Distributable retained earnings RM</i>	<i>Total RM</i>
Balance at 1 April 2020	5,686,618	4,299,942	9,986,560
Profit for the financial year	-	2,727,853	2,727,853
Other comprehensive income	-	-	-
Total comprehensive income	-	2,727,853	2,727,853
Balance at 31 March 2021	5,686,618	7,027,795	12,714,413
Balance at 1 April 2021	5,686,618	7,027,795	12,714,413
Profit for the financial year	-	692,186	692,186
Other comprehensive income	-	-	-
Total comprehensive income	-	692,186	692,186
Balance at 31 March 2022	5,686,618	7,719,981	13,406,599

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

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

**Statement of cash flows
for the year ended 31 March 2022**

	2022	2021
	RM	RM
Cash flows from operating activities		
Profit before tax	972,884	3,653,936
Adjustments for :-		
Depreciation of plant and equipment	121,904	170,661
Depreciation of right-of-use asset	229,422	233,683
Interest expenses	26,014	19,857
Loss on disposal of motor vehicles	-	38,024
Previous year unrealised gain written back	171,911	52,731
Previous year unrealised loss written back	-	(1,032,165)
Unrealised loss on exchange	325,415	-
Unrealised gain on exchange	(17,465)	(171,911)
Operating profit before working capital changes	1,830,085	2,964,816
Receivables	3,218,430	(188,443)
Amount due to holding company	2,962,920	(1,737,602)
Payables	(2,551,596)	3,258,540
Cash inflow from operations	5,459,839	4,297,311
Tax paid	(694,649)	(349,205)
Net cash inflow from operating activities	4,765,190	3,948,106
Cash flows used in investing activities		
Purchase of plant and equipment	(30,348)	(51,573)
Proceeds from sale of motor vehicle	-	1
Net cash outflow from investing activities	(30,348)	(51,572)
Cash flows used in financing activities		
Repayment of lease liability including interest of RM26,014 (2021 : RM19,857)	(244,496)	(261,960)
Net increase in cash and cash equivalents	4,490,346	3,634,574
Cash and cash equivalents at beginning of year	19,274,532	15,639,958
Cash and cash equivalents at end of year (Note 9)	23,764,878	19,274,532

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

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

Notes to the financial statements for the year ended 31 March 2022

1. General information

The Company, Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd., is a private company incorporated and domiciled in Malaysia. The principal activity of the Company is trading in pharmaceutical products. There is no significant change in the nature of the Company's business during the year.

The Company's registered office is located at Suite 12B-23, Level 12B, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras 56000 Kuala Lumpur and its principal place of business is located at D-31-02, Menara Suezcap 1, No. 2, Jalan Kerinchi, 59200, Kuala Lumpur.

The Company's holding company is Glenmark Pharmaceuticals Limited, which is incorporated in India. Related companies refer to companies within Glenmark Pharmaceuticals Limited group.

The financial statements of the Company are presented in Ringgit Malaysia (RM) which is also the Company's functional currency.

The financial statements were authorised for issue by the Board of Directors on 25 April 2022.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 2016 in Malaysia.

The preparation of these financial statements in conformity with MFRSs and IFRS requires the directors to make estimates and assumptions that affect the reported amounts to assets, liabilities, revenue and expenses and disclosure of contingent liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 3 to the financial statements. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

2. Significant accounting policies (contd.)

2.2 New MFRS adopted during the financial year

During the financial year, the Company has adopted the following amendments to MFRSs and interpretation issued by the MASB that are mandatory for current financial year:

Amendment to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The adoption of the amendments to MFRSs and interpretation did not have any significant impact on the financial statements of the Company.

2.3 Standards issued but not yet effective

The Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

		Effective dates for financial periods beginning on or after
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9- Comparative Information	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Company.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies

(a) Plant and equipment and accumulated depreciation

All items of plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of plant and equipment with a cost that is significant in relation to the cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows :-

Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%
Office equipment	20%

At the end of each reporting period, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (See Note 2.4(c)) to the financial statements on impairment of non-financial assets).

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(a) *Plant and equipment and accumulated depreciation (contd.)*

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

(b) *Leases*

Accounting by Company as lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Company.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(b) Leases (contd.)

Accounting by Company as lessee (contd.)

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The carrying amounts of assets, is reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(c) *Impairment of non-financial assets (contd.)*

The impairment loss is recognised in the profit or loss immediately. An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

(d) *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Company.

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instruments. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(d) Financial instruments (contd.)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if, the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(i) Financial assets

A financial asset is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement :-

a) Financial assets at fair value through profit and loss

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

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

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

b) Loans and receivables

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(d) Financial instruments (contd.)

(i) Financial assets

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

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(ii) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following category after initial recognition for the purpose of subsequent measurement :-

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(d) *Financial instruments (contd.)*

(ii) *Financial liabilities (contd.)*

b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(d) Financial instruments (contd.)

(iii) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs, and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(e) Impairment of financial assets

The Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalization is the actual borrowing cost incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

(g) Income taxes

Income taxes include all domestic and foreign taxes, if any, on taxable profit. Income taxes also include other taxes, such as withholding taxes which are payable by a foreign jointly controlled entity on distributions to the Company, and real property gains taxes payable on disposal of properties, if any.

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(i) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Company operates and include all taxes based upon the taxable profits.

(ii) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(g) *Income taxes (contd.)*

(ii) Deferred tax (contd.)

Deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either :-

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(h) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one of more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but disclose its existence where the inflows of economic benefits are probable, but not virtually certain

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(j) Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purpose.

The principal closing rate used in translation of foreign currency amounts is as follows :-

	<i>2021</i>	<i>2020</i>
	<i>RM</i>	<i>RM</i>
US Dollar	<u>4.2060</u>	<u>4.1460</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have been transferred to the customer and where the Company retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

(l) Employee benefits

i) Obligations for contributions to defined contribution plans are recognised as expenses in the income statement as incurred.

ii) Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(m) Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement methods adopted assumes that the transaction to sell the assets or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Company measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participant would take these characteristics into account when pricing the asset or liability. The company has considered the following characteristics when determining fair value:-

2. Significant accounting policies (contd.)

2.3 Summary of significant accounting policies (contd.)

(m) Fair value measurements (contd.)

- a) The condition and location of the asset, and
- b) Restriction, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

3. Significant accounting judgments and estimates

(i) Changes in estimates

Estimates 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 directors are of the opinion that there are no changes in estimates at the end of the reporting period.

(ii) Critical judgments made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

3. Significant accounting judgments and estimates (contd.)

(iii) Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) *Determination of the lease term for leases*

The Company determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Company is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Company to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Company.

(b) *Depreciation of plant and equipment*

The cost of plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be five (5) years. These are common life expectancies applied in the industry in which the Company operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(c) *Income taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(d) *Impairment of non-financial assets*

When the recoverable amount of an asset is determined based on the estimate of the value in use of the CGU to which the asset is allocated, the directors and management is required to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to determine the present value of those cash flows.

3. Significant accounting judgments and estimates

(iii) Key sources of estimation uncertainty (contd.)

(e) *Measurement of a provision*

The Company uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers, a probability weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate, a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made. The actual outcome may differ from the estimates made and this may have significant effect on the Company’s financial position and results.

(f) *Determining the value-in-use*

In determining the value-in-use of stand-alone asset or a cash-generating unit, management uses reasonable and supportable inputs about sales, cost of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate(s). The actual outcome or events may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have significant effect on the Company’s financial position and results.

GLENMARK PHARMACEUTICALS (MALAYSIA)**SDN. BHD.** [200401021892 (660397 W)]*(Incorporated in Malaysia)***4. Plant and equipment**

2022	<i>Balance as at</i>			<i>Balance as at</i>
	<i>1.4.2021</i>	<i>Additions</i>	<i>Disposals</i>	<i>31.3.2022</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
<i>At cost</i>				
Computer equipment	223,504	28,340	-	251,844
Furniture and fixtures	443,943	-	-	443,943
Office equipment	38,632	2,008	-	40,640
	<u>706,079</u>	<u>30,348</u>	<u>-</u>	<u>736,427</u>
	<i>Balance as at</i>	<i>Charge for</i>	<i>Disposals</i>	<i>Balance as at</i>
	<i>1.4.2021</i>	<i>the year</i>	<i>Disposals</i>	<i>31.3.2022</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
<i>Accumulated depreciation</i>				
Computer equipment	140,866	26,716	-	167,582
Furniture and fixtures	231,144	87,571	-	318,715
Office equipment	19,053	7,617	-	26,670
	<u>391,063</u>	<u>121,904</u>	<u>-</u>	<u>512,967</u>
2021	<i>Balance as at</i>			<i>Balance as at</i>
	<i>1.4.2020</i>	<i>Additions</i>	<i>Disposals</i>	<i>31.3.2021</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
<i>At cost</i>				
Computers	171,931	51,573	-	223,504
Furniture and fixtures	443,943	-	-	443,943
Motor vehicles	325,928	-	(325,928)	-
Office equipment	38,632	-	-	38,632
	<u>980,434</u>	<u>51,573</u>	<u>(325,928)</u>	<u>706,079</u>
	<i>Balance as at</i>	<i>Charge for</i>	<i>Disposals</i>	<i>Balance as at</i>
	<i>1.4.2020</i>	<i>the year</i>	<i>Disposals</i>	<i>31.3.2021</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
<i>Accumulated depreciation</i>				
Computers	119,861	21,005	-	140,866
Furniture and fixtures	143,410	87,734	-	231,144
Motor vehicles	233,582	54,321	(287,903)	-
Office equipment	11,452	7,601	-	19,053
	<u>508,305</u>	<u>170,661</u>	<u>(287,903)</u>	<u>391,063</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)**SDN. BHD.** [200401021892 (660397 W)]*(Incorporated in Malaysia)***4. Plant and equipment (contd.)**

	2022	2021
	RM	RM
<i>Carrying amount</i>		
Computer equipment	84,262	82,638
Furniture and fixtures	125,228	212,799
Office equipment	13,970	19,579
	<u>223,460</u>	<u>315,016</u>

5. Right of use assets and lease liabilities**(a) Right of use assets**

<i>Cost</i>		
At beginning of year	547,394	547,394
Additions	451,964	-
Deletion	(547,394)	-
At end of year	<u>451,964</u>	<u>547,394</u>
 <i>Accumulated depreciation</i>		
At beginning of year	468,007	234,324
Charge for the year	229,422	233,683
Deletion	(547,394)	-
At end of year	<u>150,035</u>	<u>468,007</u>
 <i>Net book value</i>	<u>301,929</u>	<u>79,387</u>

The right-of-use assets represent non-cancellable operating lease agreements entered into by the Company for the use of office premises. The leases are mainly for an initial lease period of three (3) with the option to renew every two (2) years at an increased rental up to 8% and to be mutually agreed by both parties.

**GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD.** [200401021892 (660397 W)]
(Incorporated in Malaysia)

5. Right of use assets and lease liabilities (contd.)

(b) Lease liabilities

	2022 RM	2021 RM
i) Future lease payments payable :-		
- Not later than 1 year	253,228	87,320
- Later than 1 year and not later than 5 years	87,320	-
Total future minimum lease payments	<u>340,548</u>	<u>87,320</u>
Less : Future finance charges	<u>(20,844)</u>	<u>(1,097)</u>
Present value of minimum lease payments	319,704	86,223
Payments due within 1 year as current	<u>(233,481)</u>	<u>(86,223)</u>
Non current portion	<u>86,223</u>	<u>-</u>
ii) The movement of lease liabilities during the financial year are as follows :-		
At 1 April	86,223	328,326
Extension of lease	451,963	-
Interest charged for the year	26,014	19,857
Payments of:		
- Principal	(218,482)	(242,103)
- Interest	<u>(26,014)</u>	<u>(19,857)</u>
At 31 March	<u>319,704</u>	<u>86,223</u>
iii) Expenses related to leases of low value assets included in other operating expenses are as follows :-		
Rental expenses on equipment	<u>3,000</u>	<u>3,250</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)**SDN. BHD.** [200401021892 (660397 W)]*(Incorporated in Malaysia)***6. Deferred tax assets/(liabilities)**

2022	<i>At</i>	<i>Recognised in</i>	<i>At</i>
	<i>1 April</i>	<i>profit or loss</i>	<i>31 March</i>
	2021	(Note 17)	2022
	RM	RM	RM
Plant and equipment	(16,405)	3,155	(13,250)
Provision	(41,259)	115,166	73,907
Others	(2,021)	2,626	605
	<u>(59,685)</u>	<u>120,947</u>	<u>61,262</u>

2021	<i>At</i>	<i>Recognised in</i>	<i>At</i>
	<i>1 April</i>	<i>profit or loss</i>	<i>31 March</i>
	2020	(Note 17)	2021
	RM	RM	RM
Plant and equipment	(10,901)	(5,504)	(16,405)
Provision	235,069	(276,328)	(41,259)
Others	-	(2,021)	(2,021)
	<u>224,168</u>	<u>(283,853)</u>	<u>(59,685)</u>

7. Trade and other receivables

	2022	2021
	RM	RM
Trade receivables		
- Third parties	22,548,139	25,710,089
Other receivables		
- Third parties	27,619	107,688
	<u>22,575,758</u>	<u>25,817,777</u>

The Company's normal trade credit term is 75 days and 105 days (2021 : 75 days and 105 days).

GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD. [200401021892 (660397 W)]
(Incorporated in Malaysia)

7. Trade and other receivables (contd.)

The ageing analysis of the Company's trade receivables is as follows:-

	<i>Gross carrying amount</i>	<i>Impairment losses</i>	<i>Balance at 31 March</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>
2022			
Not past due	10,632,174	-	10,632,174
Past due 0-30 days	2,749,283	-	2,749,283
Past due 31-60 days	4,737,396	-	4,737,396
Past due 61-90 days	4,143,589	-	4,143,589
Past due more than 90 days	285,697	-	285,697
	<u>22,548,139</u>	<u>-</u>	<u>22,548,139</u>
2021			
Not past due	18,428,921	-	18,428,921
Past due 0-30 days	1,823,862	-	1,823,862
Past due 31-60 days	4,569,072	-	4,569,072
Past due 61-90 days	888,234	-	888,234
Past due more than 90 days	-	-	-
	<u>25,710,089</u>	<u>-</u>	<u>25,710,089</u>

The carrying amount of RM22,548,139 (2021 : RM25,710,089) is due from two (2) customers with very high credit rating in the pharmaceutical business. The directors opine that the risk of default is low based on past experience with them. Hence, expected credit losses is negligible.

8. Deposits and prepayments

	2022	2021
	RM	RM
Deposits	87,420	87,420
Prepayments	39,380	40,725
	<u>126,800</u>	<u>128,145</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

*(Incorporated in Malaysia)***9. Cash and cash equivalents**

The components of cash and cash equivalents consist of:-

	2022	2021
	RM	RM
Cash and bank balances	<u>23,764,878</u>	<u>15,639,958</u>

- a) Cash and bank balances are denominated in Ringgit Malaysia.
b) No expected credit losses is recognised arising from the cash and bank balances as the probability of default by the financial institutions is negligible.

10. Contributed share capital

	<i>Number of shares</i>		<i>Amount</i>	
	2022	2021	2022	2021
			RM	RM
Shares with no par value Ordinary shares issued and fully paid				
At beginning/ end of year	<u>5,686,618</u>	<u>5,686,618</u>	<u>5,686,618</u>	<u>5,686,618</u>

11. Retained earnings

The retained earnings of the Company are available for distribution by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

12. Trade and other payables

	2022	2021
	RM	RM
Trade payables		
- Holding company	31,572,526	28,154,679
Accruals	134,950	118,732
Provisions	1,584,431	4,152,245
	<u>33,291,907</u>	<u>32,425,656</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)**SDN. BHD.** [200401021892 (660397 W)]*(Incorporated in Malaysia)***12. Trade and other payables (contd.)**

The normal trade credit terms granted by the holding company to the Company is 180 days (2021 : 180 days).

The amount due to holding company is unsecured interest free and repayable on demand.

13. Revenue

	2022	2021
	RM	RM
Sale of pharmaceutical products	<u>56,760,867</u>	<u>59,862,970</u>

14. Employee benefits expenses

Staffs' remuneration		
- Salaries, bonus, allowances and incentives	5,476,572	5,272,750
- Defined contribution plan expenses	<u>615,449</u>	<u>622,668</u>
	<u>6,092,021</u>	<u>5,895,418</u>

15. Profit from operations

Profit from operations has been arrived at :-

After charging :-

Audit fee		
- Statutory	18,000	18,000
- Non statutory	14,547	14,453
Consultancy and professional fees	133,120	348,017
Drugs registration fees and expenses	49,020	55,068
Expired stocks written off	2,902,784	4,829,458
Loss on disposal of motor vehicles	-	38,024
Loss on foreign exchange		
- Realised	377,296	635,384
- Unrealised	325,415	-
Marketing and promotion expenses	15,543,433	19,605,094
Trademark application expenses	104,087	59,133
Unrealised gain on exchange written back	<u>171,911</u>	<u>52,731</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)
SDN. BHD. [200401021892 (660397 W)]
(Incorporated in Malaysia)

15. Profit from operations (contd.)

	2022	2021
	RM	RM
<i>and crediting:-</i>		
Gain on foreign exchange		
- Realised	-	178,696
- Unrealised	17,466	171,911
Unrealised loss on exchange written back	-	1,032,165
Wage subsidy	-	198,000
	<u> </u>	<u> </u>

16. Finance costs

Interest on lease liabilities	<u>26,014</u>	<u>19,857</u>
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17. Tax expense

Malaysian income tax		
- Current year	398,322	636,634
- Previous year	3,323	352
	<u>401,645</u>	<u>636,986</u>
Deferred taxation (Note 6)		
- Current year	<u>(120,947)</u>	<u>(239,760)</u>
	<u>280,698</u>	<u>397,226</u>

The significant differences between the tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:-

Profit from ordinary activities before tax	<u>972,884</u>	<u>3,653,936</u>
Tax at the statutory income tax rate of 24% (2021 - 24%)	233,492	876,945
Tax effects of non-deductible expenses	43,883	55,361
Income tax - previous year	3,323	(6,223)
Tax expense	<u>280,698</u>	<u>926,083</u>

18. Related party disclosures

18.1 *Identities of related parties*

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

The Company has controlling related party relationship with its holding company.

18.2 *Key management personnel compensation*

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director of the Company.

There was no compensation paid to key management personnel.

18.3 *Related party transactions*

In addition to the transactions and balances detailed elsewhere in the financial statements, if any, the Company had the following transactions with related parties during the financial year.

	2022	2021
	RM	RM
<u>Purchases of trading goods</u>		
Holding Company	<u>27,450,336</u>	<u>22,966,219</u>

All purchases are at prices prevailing at dates of the transactions.

19. Categories of financial instruments

(a) Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Company remains unchanged from financial year ended 31 March 2021.

GLENMARK PHARMACEUTICALS (MALAYSIA)**SDN. BHD.** [200401021892 (660397 W)]*(Incorporated in Malaysia)***19. Categories of financial instruments (contd.)****(a) Capital management (contd.)**

The Company's capital structure is represented by the equity of the Company and its capital ratio is determined by the immediate holding company. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2022 and 31 March 2021.

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Company remains unchanged from financial year ended 31 March 2021.

The Company is not subject to any externally imposed capital requirements as all its funding is from the holding company.

(b) Categories of financial instruments

	2022	2021
	RM	RM
Financial assets measured at amortised cost		
<u>Loan and receivables financial assets</u>		
Trade and other receivables and deposits, excluding prepayments	22,663,178	25,905,197
Cash and cash equivalents	23,764,879	19,274,532
	<u>46,428,057</u>	<u>45,179,729</u>
Financial liabilities measured at amortised cost		
<u>Other financial liabilities</u>		
Current		
Trade and other payables	33,291,907	32,425,656
Lease liabilities	233,481	86,223
	<u>33,525,388</u>	<u>32,511,879</u>
Non current		
Lease liabilities	<u>86,223</u>	<u>-</u>

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

19. Categories of financial instruments (contd.)

(c) Determination of fair values

Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair values and whose carrying amounts are at reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, cash and cash equivalents, trade and other payables and amount due to/(from) related companies are reasonable approximation of fair values due to their short term nature.

20. Financial risk management objectives and policies

The Company's financial risk management objective is to optimize value creation for shareholders whilst minimizing the potential adverse impact arising from fluctuation in foreign currency exchange and liquidity and cash flow risk, interest rate risk and credit risk.

Information on the management of the related exposures to the respective financial risks is detailed below:

(a) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The currency giving rise to this risk is primarily United States Dollar ("USD").

The Company does not hedge these exposures by purchasing forward currency contracts. However, the management keeps this policy under review.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

*(Incorporated in Malaysia)***20. Financial risk management objectives and policies (contd.)****(a) Foreign exchange risk (contd.)**

The net unhedged financial (assets)/liabilities of the Company that are not denominated in Ringgit Malaysia are as follows :-

<i>Denominated in USD</i>	<i>31.03.2022</i>	<i>31.03.2021</i>
	<i>RM</i>	<i>RM</i>
Trade receivables	(4,343,927)	(3,763,800)
Trade payables - Holding company	31,572,526	28,154,679
	<u>27,228,599</u>	<u>24,390,879</u>

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonably possible change in the USD exchange rate against the Ringgit Malaysia ("RM"), with all other variables held constant.

	<i>Profit net of tax</i>	
	<i>31.03.2022</i>	<i>31.03.2021</i>
	<i>RM</i>	<i>RM</i>
USD/RM - strengthen by 10% (2021 : 10%)	2,069,374	1,853,707
weaken by 10% (2021 : 10%)	<u>(2,069,374)</u>	<u>(1,853,707)</u>

(b) Liquidity and cash flow risk

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Company measures and forecast its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Company.

The Company is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 7 and 12 to the financial statements.

20. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

The Company is not exposed to any interest rate risk.

(d) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluation is performed on all customers requiring credit over a certain amount and the Company regularly follows up on receivables outstanding beyond their stipulated time threshold for payments. The Company does not require collateral in respect of financial assets.

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial asset as at the end of the reporting period.

The Company determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 March 2022, the Company has significant concentration of credit risk arising from the amounts owing from 2 customers (2021: 2 customers) constituting 100% of net trade receivables of the Company. These 2 customers are companies with good credit rating in the pharmaceutical business. Based on the Company's past experience with these 2 customers, the risk of expected credit loss arising is very minimal.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 7 to the financial statements. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of defaults.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

(Incorporated in Malaysia)

21. Significant event during the reporting period

The Government had enforced the Movement Control Order (“MCO”) on 18 March 2020 in Malaysia when there was a coronavirus disease pandemic (“COVID-19”) which unprecedentedly affected the country and the world globally.

On 1 January 2021, the RMCO was further extended to 31 March 2021.

On 12 January 2021, MCO 2.0 has been imposed from 13 January 2021 to 4 March 2021.

On 13 January 2021, a nationwide state of emergency proclamation until 1 August 2021 was declared to curb the COVID-19 pandemic that has reached an alarming level in the country.

On 10 May 2021, MCO 3.0 has been imposed from 12 May 2021 to 31 December 2021.

The Company does not consider it practicable to provide a quantitative estimate of the potential impact of COVID-19 pandemic on its financial reporting as the situation continues to be fluid and rapidly evolving as at the date of authorization of the financial statements.

As at 30 September 2021, the financial statements were prepared on a going concern basis and the directors are not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Board of Directors are aware of the challenges posed by COVID-19 and the preventive MCOs and the potential impact they may have on the Company’s financial position, financial performance and cash flows subsequent to the reporting period. As the situation continues to evolve with significant level of uncertainty, the Company is unable to reasonably estimate the full financial impact of the COVID-19 outbreak. However, the Company is monitoring the situation closely to mitigate the financial impact.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

*(Incorporated in Malaysia)***Management income statement
for the year ended 31 March 2022**

		2022	2021
		RM	RM
Revenue		56,760,867	59,862,970
Less: Cost of sales			
Opening inventories		-	-
Purchases		27,450,336	22,966,219
Closing inventories		-	-
		27,450,336	22,966,219
Gross profit		29,310,531	36,896,751
Other operating income			
Gain on exchange			
- Realised		-	178,696
- Unrealised		17,465	171,911
Unrealised loss on exchange written back		-	1,032,165
Wage subsidy		-	198,000
		17,465	1,580,772
Employee benefits expenses	<i>Appendix I</i>	(6,092,021)	(7,000,229)
Depreciation	<i>Appendix I</i>	(121,904)	(170,661)
Depreciation of right-of-use assets	<i>Appendix I</i>	(229,422)	(233,683)
Other operating expenses	<i>Appendix II</i>	(21,885,751)	(27,399,157)
Operating profit		998,898	3,673,793
Finance costs	<i>Appendix II</i>	(26,014)	(19,857)
Profit before tax		972,884	3,653,936

This management income statement is prepared from information furnished by the management Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd. and does not form part of the audited financial statements of the Company.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

*(Incorporated in Malaysia)**Appendix I***Management schedule of operating expenses
for the year ended 31 March 2022**

	2022	2021
	RM	RM
Employee benefits expenses		
Staffs' remuneration		
- Salaries, allowances, bonus and incentives	5,476,572	6,346,890
- Defined contribution plan expenses	615,449	653,339
	<u>6,092,021</u>	<u>7,000,229</u>
Depreciation		
Computer equipment	26,716	21,005
Furniture and fixtures	87,571	87,734
Office equipment	7,617	7,601
Motor vehicles	-	54,321
	<u>121,904</u>	<u>170,661</u>
Depreciation of right-of-use assets	<u>229,422</u>	<u>233,683</u>
Other operating expenses		
Audit fee		
- Statutory	18,000	18,000
- Non statutory	14,547	14,453
Bank charges	2,081	2,535
CME expenses	11,475	6,772
Consultancy and professional fees	133,120	348,017
Courier and transportation	88,917	55,347
Custom and duty charges	298,648	37,400
Drugs registration fee and expenses	49,020	55,068
Electricity expenses	16,976	22,500
Expired stocks written off	2,902,784	4,829,458
Insurance and road tax	-	4,545
International and national conferences	21,429	-
Loss on disposal of motor vehicles	-	38,024
<i>Balance carried forward</i>	<u>3,556,997</u>	<u>5,432,119</u>

This management income statement is prepared from information furnished by the management Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd. and does not form part of the audited financial statements of the Company.

GLENMARK PHARMACEUTICALS (MALAYSIA)

SDN. BHD. [200401021892 (660397 W)]

*(Incorporated in Malaysia)**Appendix II***Management schedule of operating expenses
for the year ended 31 March 2022**

	2022	2021
	RM	RM
Other operating expenses (contd.)		
<i>Balance brought forward</i>	3,556,997	5,432,119
Loss on exchange		
- Realised	377,296	635,384
- Unrealised	325,415	-
Marketing expenses	1,018,098	811,115
Penalty		
- Current year	13,624	15,700
- Previous year	12,129	-
Printing and stationery	11,016	15,700
Promotion expenses	14,525,335	18,793,979
Recruitment expenses	23,532	1,198
Regulatory fee	28,992	368
Rental of equipment	3,000	3,250
Secretarial fee and expenses	28,111	27,610
Staff welfare	255,359	276,797
Sundry expenses	-	(4,366)
Telephone and fax charges	7,533	7,820
Trademark application expenses	104,087	59,133
Training and development	30,577	3,766
Travelling expenses	1,368,271	1,243,945
Unrealised gain on exchange written back	171,911	52,731
Upkeep of motor vehicles	-	12,533
Upkeep of office equipment and premises	24,468	26,075
	<u>21,885,751</u>	<u>27,414,857</u>
Finance costs		
Interest on ROU asset	<u>26,014</u>	<u>19,857</u>

This management schedule of operating expenses is prepared from information furnished by the management of Glenmark Pharmaceuticals (Malaysia) Sdn. Bhd. and does not form part of the audited financial statements of the Company.