

Registration No.	198201009462 (89186-K)
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RANBAXY (MALAYSIA) SDN. BHD.
Registration no. 198201009462 (89186-K)
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
31 MARCH 2024

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31 MARCH 2024

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Company for the financial year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in manufacturing and distributing of pharmaceutical products.

RESULTS

	RM'000
Profit for the year	<u>35,708</u>

In the opinion of the directors, the financial results of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors who held office during the financial year until the date of this report are:

Viswanathan Sethuraman
Karthic Kumar Doraisamy

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held interest in the shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The amount of remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the financial year are as follow:

	RM'000
Salaries and allowances	1,856
Others	108
	<u>1,964</u>

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

ULTIMATE HOLDING COMPANY

The directors regard Sun Pharmaceutical Industries Limited, a company incorporated in India and listed in BSE Limited and National Stock Exchange of India Limited, as the holding and ultimate holding company.

AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follow:

	RM'000
Audit fees	65
Others	66
	<hr/>
	131
	<hr/>

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
 - (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 financial statements of the Company which would render any amount stated in the Company's financial statements misleading.

OTHER STATUTORY INFORMATION (CONTINUED)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which 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 which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) no contingent liability 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 will or may affect the ability of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Company for the current financial year.

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AUDITORS

The auditors, RSM Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

KARTHIC KUMAR DORAISAMY

VISWANATHAN SETHURAMAN

Kuala Lumpur

6 May 2024

RANBAXY (MALAYSIA) SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 RM'000	2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	31,865	34,886
Right-of-use assets	7	1,043	1,345
		32,908	36,231
CURRENT ASSETS			
Inventories	8	42,185	46,129
Trade and other receivables	9	52,664	58,922
Cash and bank balances	10	58,774	18,513
		153,623	123,564
TOTAL ASSETS		186,531	159,795
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	8,300	8,300
Retained earnings		151,199	115,491
TOTAL EQUITY		159,499	123,791
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	2,615	1,522
Lease liabilities	13	459	726
		3,074	2,248
CURRENT LIABILITIES			
Trade and other payables	14	20,444	30,415
Provisions	15	777	851
Lease liabilities	13	616	644
Tax payable		2,121	1,846
		23,958	33,756
TOTAL LIABILITIES		27,032	36,004
TOTAL EQUITY AND LIABILITIES		186,531	159,795

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

RANBAXY (MALAYSIA) SDN. BHD.
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**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	Note	2024 RM'000	2023 RM'000
REVENUE	16	209,280	179,895
COST OF SALES		<u>(134,164)</u>	<u>(120,572)</u>
GROSS PROFIT		75,116	59,323
OTHER OPERATING INCOME		1,335	701
DISTRIBUTION COSTS		(13,430)	(11,905)
ADMINISTRATIVE EXPENSES		(14,978)	(14,187)
OTHER OPERATING EXPENSES		(1,965)	(2,366)
FINANCE COSTS	17	<u>(146)</u>	<u>(132)</u>
PROFIT BEFORE TAX	18	45,932	31,434
TAX EXPENSE	19	<u>(10,224)</u>	<u>(7,404)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u><u>35,708</u></u>	<u><u>24,030</u></u>

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RANBAXY (MALAYSIA) SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<i>Non distributable</i> Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Total RM'000
Balance as at 1.4.2022	8,300	91,461	99,761
Total comprehensive income for the financial year ended 31.3.2023	-	24,030	24,030
Balance as at 31.3.2023/1.4.2023	8,300	115,491	123,791
Total comprehensive income for the financial year ended 31.3.2024	-	35,708	35,708
Balance as at 31.3.2024	8,300	151,199	159,499

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

RANBAXY (MALAYSIA) SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	45,932	31,434
Adjustments for:		
Depreciation of property, plant and equipment	3,700	4,017
Depreciation on right-of-use assets	739	794
Property, plant and equipment written off	1	-
(Gain)/Loss on disposal of property, plant and equipment	(37)	5
Reversal for impairment loss on trade receivables	-	(46)
Interest expense	66	54
Interest income	(553)	(140)
Gain on derecognition of right-of-use assets	(8)	(2)
Unrealised loss/(gain) on foreign exchange	85	(17)
	<hr/>	<hr/>
Operating profit before working capital changes	49,925	36,099
Decrease/(Increase) in inventories	3,944	(14,376)
Decrease/(Increase) in trade and other receivables	6,415	(11,079)
(Decrease)/Increase in trade and other payables	(10,227)	6,779
Decrease in provisions	(74)	(53)
	<hr/>	<hr/>
Cash generated from operating activities	49,983	17,370
Tax paid	(8,856)	(5,981)
Interest received	553	140
Interest paid	(66)	(54)
	<hr/>	<hr/>
Net cash generated from operating activities	41,614	11,475
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(680)	(2,916)
Proceeds from disposal of property, plant and equipment	37	-
	<hr/>	<hr/>
Net cash used in investing activities	(643)	(2,916)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024 (CONTINUED)

	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of lease liabilities	<u>(724)</u>	<u>(808)</u>
Net cash used in financing activity	<u>(724)</u>	<u>(808)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,247	7,751
EFFECTS ON EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	14	12
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>18,513</u>	<u>10,750</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>58,774</u></u>	<u><u>18,513</u></u>

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

RANBAXY (MALAYSIA) SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in manufacturing and distributing of pharmaceutical products.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and 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 5. Although these estimates and assumptions are based on the directors’ best knowledge of events and actions, actual results could differ from those estimates.

3.2 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and accumulated impairment losses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Property, plant and equipment (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Leasehold land	Amortised over the lease term of 60 years
Factory building	Amortised over the lease term of 60 years
Office equipment and renovations	3-10 years
Furniture and fittings	10 years
Motor vehicles	6.7 years
Plant and machinery	10 years

Capital work-in-progress are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Leases

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition and initial measurement

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Leases (continued)

(b) Recognition and initial measurement (continued)

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Leases (continued)

(c) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.4 Impairment of non-financial assets

Impairment of property, plant and equipment and right-of-use assets

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Inventories

Inventories are carried in the statement of financial position at the lower of cost and net realisable value (“NRV”). Cost is determined on a weighted average cost formula. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads based on normal levels of activity.

Obsolete and slow-moving items are written down based on their expected future use and NRV.

NRV is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

3.6 Financial instruments

(i) Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instruments.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Financial instruments (continued)

(ii) Derecognition of financial instruments (continued)

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. 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. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iii) Financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into financial assets at amortised cost (“AC”). The classification is based on the Company’s business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Company measure financial assets at AC.

A financial asset is measured at amortised cost if: (a) it is held within the Company’s business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iv) Financial liabilities

After initial recognition, the Company measure all financial liabilities at amortised cost using the effective interest method.

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.15.

(vi) Recognition of gains and losses

For financial assets and financial liabilities carried at amortised, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or losses is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Financial instruments (continued)

(vii) Impairment of financial assets

The Company applies the expected credit loss (“ECL”) model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost. Except for trade receivables, a 12-month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Company assesses whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime expected credit loss is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Company has availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Foreign currencies transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). 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 is determined.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss.

3.8 Equity

Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, is classified as equity instruments.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

3.9 Provisions

Where, at reporting date, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.10 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and fixed deposit, which are readily convertible to cash and which are subject to insignificant risk of changes in value.

3.12 Employees benefits

(i) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absence such as paid annual leave is recognised when services are rendered by employees and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Company has no further payment obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.13 Revenue from contracts with customers

The Company's revenue comprises sales of pharmaceutical products.

Revenue from a sale of pharmaceutical products is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Company measures revenue from a sale of goods at the fair value of the consideration received or receivables, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer. If the transaction price includes variable considerations, the Company uses the expected value method by estimating the sum of probability-weighted amounts in a range of possible consideration amounts, or the most likely outcome method, depending on which method the Company expects to better predict the amount of consideration to which it is entitled.

Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

3.14 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Company considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Company treats these as part of initial recognition differences.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14 Income taxes (continued)

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

3.15 Fair value measurements

Fair value is 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. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 New MFRS and amendments to MFRSs adopted

For the preparation of the financial statements, the following new MFRS and amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2023.

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

The amendments to MFRS 101 - *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosure of Accounting Policies* require the disclosure of ‘material’, rather than ‘significant’, accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarified that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments did not result in any changes to the Company’s accounting policies. The previous term, “significant accounting policies” used throughout the financial statements has been replaced with “material accounting policy information”.

The adoption of the above-mentioned new MFRS and other amendments to MFRSs has no significant impact on the financial statements of the Company.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)

4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Company's financial statements but have not been adopted by the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Company when they become effective.

The initial application of amendments to MFRSs is not expected to have any significant impact on the financial statements of the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Company has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

There were no critical judgement that the directors have made in the process of applying the Company's policies which have the most significant effect on the amounts recognised in financial statements.

There were no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM'000	Factory building RM'000	Office equipment and renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work in progress RM'000	Total RM'000
<u>Cost</u>								
At 1.4.2022	226	24,281	3,257	1,316	134	43,741	6,659	79,614
Addition	-	-	-	-	-	-	2,916	2,916
Disposal	-	-	-	-	-	(28)	-	(28)
Written off	-	-	(45)	-	-	(151)	-	(196)
Transfers	-	112	538	10	-	8,307	(8,967)	-
At 31.3.2023 / 1.4.2023	226	24,393	3,750	1,326	134	51,869	608	82,306
Addition	-	-	-	-	-	-	680	680
Disposal	-	-	-	-	-	(107)	-	(107)
Written off	-	-	(4)	(8)	-	(4)	-	(16)
Transfers	-	-	261	3	-	114	(378)	-
At 31.3.2024	226	24,393	4,007	1,321	134	51,872	910	82,863
<u>Accumulated depreciation</u>								
At 1.4.2022	133	6,731	2,789	951	76	32,942	-	43,622
Charged for the financial year	4	462	282	96	11	3,162	-	4,017
Disposal	-	-	-	-	-	(23)	-	(23)
Written off	-	-	(45)	-	-	(151)	-	(196)
At 31.3.2023 / 1.4.2023	137	7,193	3,026	1,047	87	35,930	-	47,420
Charged for the financial year	2	464	368	71	10	2,785	-	3,700
Disposal	-	-	-	-	-	(107)	-	(107)
Written off	-	-	(3)	(8)	-	(4)	-	(15)
At 31.3.2024	139	7,657	3,391	1,110	97	38,604	-	50,998
<u>Net carrying amount</u>								
At 31.3.2023	89	17,200	724	279	47	15,939	608	34,886
At 31.3.2024	87	16,736	616	211	37	13,268	910	31,865

Leasehold land comprises land with an unexpired lease of 61 years (2023: 62 years).

7. RIGHT-OF-USE ASSETS

	Office spaces RM'000	Residences RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>				
At 1.4.2022	1,139	477	720	2,336
Addition	742	362	-	1,104
Derecognition	(917)	(470)	-	(1,387)
At 31.3.2023/ 1.4.2023	964	369	720	2,053
Addition	286	-	323	609
Derecognition	(223)	(76)	(505)	(804)
At 31.3.2024	1,027	293	538	1,858
<u>Accumulated depreciation</u>				
At 1.4.2022	750	276	215	1,241
Charged for the financial year	353	254	187	794
Derecognition	(917)	(410)	-	(1,327)
At 31.3.2023/ 1.4.2023	186	120	402	708
Charged for the financial year	381	187	171	739
Derecognition	(223)	(76)	(333)	(632)
At 31.3.2024	344	231	240	815
<u>Net carrying amount</u>				
At 31.3.2023	778	249	318	1,345
At 31.3.2024	683	62	298	1,043

8. INVENTORIES

	2024 RM'000	2023 RM'000
<u>At NRV</u>		
Raw materials	21,468	19,473
Work-in-progress	1,679	2,523
Finished goods	16,315	21,177
Packaging materials	2,723	2,956
	<u>42,185</u>	<u>46,129</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>79,661</u>	<u>79,948</u>

9. TRADE AND OTHER RECEIVABLES

	2024 RM'000	2023 RM'000
Trade receivables		
- Third parties	46,681	53,826
- Amount due from ultimate holding company	4,780	4,068
- Amount due from related companies	-	27
	<u>51,461</u>	<u>57,921</u>
Less: Impairment loss	(9)	(9)
	<u>51,452</u>	<u>57,912</u>
Other receivables		
- Third parties	786	316
- Deposits	292	312
- Prepayments	134	382
	<u>1,212</u>	<u>1,010</u>
Total trade and other receivables	<u>52,664</u>	<u>58,922</u>

(a) The Company's normal credit term is 90 days (2023: 90 days) from the date of invoice. Other credit terms are assessed and approved on case by case basis.

(b) The movements in loss allowances are as follow:

	2024 RM'000	2023 RM'000
At 1 April	(9)	(55)
Reversal during the financial year	-	46
At 31 March	<u>(9)</u>	<u>(9)</u>

(c) The currency exposure profile of trade and receivables are as follows:

	2024 RM'000	2023 RM'000
Singapore Dollar	2,020	1,149
United States Dollar	1,012	928
	<u>3,032</u>	<u>2,077</u>

10. CASH AND BANK BALANCES

	2024 RM'000	2023 RM'000
Cash at bank	8,773	3,513
Cash in hand	1	-
Fixed deposit at licensed bank	50,000	15,000
	<u>58,774</u>	<u>18,513</u>

10. CASH AND BANK BALANCES (CONTINUED)

- (a) The weighted average effective interest rate of deposits with licensed banks of the Company is ranging between 2.10% to 3.00% (2023: 1.85% to 2.63%) per annum. The average maturity days are ranging from 14 days to 33 days (2023: 14 days to 32 days) per annum.
- (b) The currency exposure profile of cash and bank balances is as follows:

	2024 RM'000	2023 RM'000
United States Dollar	<u>62</u>	<u>136</u>

11. SHARE CAPITAL

	2024 RM'000	2023 RM'000
Issued and fully paid		
8,000,000 ordinary shares at beginning/end of the year	<u>8,300</u>	<u>8,300</u>

The owner of the Company is entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

12. DEFERRED TAX LIABILITIES

	2024 RM'000	2023 RM'000
At beginning of the year	1,522	1,017
Recognised in profit or loss	1,093	505
At end of the year	<u>2,615</u>	<u>1,522</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	(1,126)	(2,854)
Deferred tax liabilities	3,741	4,376
	<u>2,615</u>	<u>1,522</u>

12. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax liabilities are made up of the tax effects of temporary differences arising from:

	Statement of financial position		Statement of profit or loss	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Excess of net book value over tax written down value of property, plant and equipment	3,471	4,053	(582)	835
Impairment for slow moving inventories	(770)	(1,841)	1,071	56
Unrealised loss/(gain) on foreign exchange	(20)	(568)	548	(490)
Right-of-use assets	(8)	(6)	(2)	101
Others	(58)	(116)	58	3
	<u>2,615</u>	<u>1,522</u>	<u>1,093</u>	<u>505</u>

13. LEASE LIABILITIES

	2024 RM'000	2023 RM'000
Future lease payment payable:		
- Not later than one year	658	628
- Later than one year and not later than five years	473	794
	<u>1,131</u>	<u>1,422</u>
Less: Future interest charges	(56)	(52)
Present value of lease liabilities	<u>1,075</u>	<u>1,370</u>

Repayable as follows:

Current

- Not later than one year

616

644

Non-current

- Later than one year and not later than five years

459

726

1,075

1,370

(a) Cash outflows for leases as a lessee

	2024 RM'000	2023 RM'000
Included in net cash from operating activities:		
- Interest paid for lease liabilities	65	52
Included in net cash from financing activities:		
- Payment of lease liabilities	724	808
Total cash outflows for leases	<u>789</u>	<u>860</u>

13. LEASE LIABILITIES (CONTINUED)

(b) Reconciliation of liability arising from financing activities:

	2024 RM'000	2023 RM'000
At 1 April	1,370	1,136
Cash flows:		
Payment of rental expense	(789)	(860)
Non-cash flows:		
Addition of lease liabilities	609	1,104
Derecognition	(180)	(62)
Unwinding of interest	65	52
At 31 March	<u>1,075</u>	<u>1,370</u>

(c) The Company's weighted average incremental borrowing rate is 5.45% (2023: 5.20%) per annum.

14. TRADE AND OTHER PAYABLES

	2024 RM'000	2023 RM'000
Trade payables		
-Third parties	3,834	8,729
-Amount due to ultimate holding company	8,562	13,883
	<u>12,396</u>	<u>22,612</u>
Other payables		
-Third parties	3,801	3,283
-Accruals	3,041	3,180
-Amount due to ultimate holding company	1,206	1,340
	<u>8,048</u>	<u>7,803</u>
Total trade and other payables	<u>20,444</u>	<u>30,415</u>

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 30 to 90 days (2023: 30 to 90 days).

(b) Non-trade amount due to ultimate holding company is unsecured, interest free and repayable on demand.

(c) The currency exposure profile of trade and other payables are as follows:

	2024 RM'000	2023 RM'000
Singapore Dollar	66	8
United States Dollar	770	633
Great British Pound	-	1
	<u>836</u>	<u>642</u>

15. PROVISIONS

	2024 RM'000	2023 RM'000
At 1 April	851	904
Reversal made during the year	(74)	(53)
At 31 March	<u>777</u>	<u>851</u>

Provisions relate to returnable obsolete inventories held by the customers as at financial year end. The provisions were estimated based on historical data and past trends of obsolete inventories held by the customers.

16. REVENUE

	2024 RM'000	2023 RM'000
Revenue from contracts with customers:		
Sale of pharmaceutical goods	<u>209,280</u>	<u>179,895</u>
Timing of revenue:		
At a point in time	<u>209,280</u>	<u>179,895</u>

17. FINANCE COST

	2024 RM'000	2023 RM'000
Interest on lease liabilities	65	52
Interest charged by bank	1	2
Others	80	78
	<u>146</u>	<u>132</u>

18. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2024 RM'000	2023 RM'000
Auditors' remuneration		
- statutory	65	59
- others	66	63
Depreciation of property, plant and equipment	3,700	4,017
Depreciation on right-of-use assets	739	794
Property, plant and equipment written off	1	-
(Gain)/Loss on disposal of property, plant and equipment	(37)	5
Gain on derecognition of right-of-use assets	(8)	(2)
Reversal for impairment loss on trade receivables	-	(46)
Interest expense	66	54
Interest income	(553)	(140)
Foreign exchange loss/(gain)		
- realised	1,177	1,908
- unrealised	85	(17)
	<u>1,177</u>	<u>1,908</u>

19. TAX EXPENSE

	2024 RM'000	2023 RM'000
Current financial year		
- income tax expense	10,787	7,829
- deferred tax expense (Note 12)	493	31
	<u>11,280</u>	<u>7,860</u>
(Over)/Under provision in previous financial year		
- income tax	(1,656)	(930)
- deferred tax expense (Note 12)	600	474
	<u>10,224</u>	<u>7,404</u>

19. TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense on profit before tax with the applicable statutory income tax rate is as follows:

	2024 RM'000	2023 RM'000
Profit before tax	<u>45,932</u>	<u>31,434</u>
Income tax at tax rate of 24% (2023: 24%)	11,024	7,544
Tax effects in respect of:		
Non-allowable expenses	<u>256</u>	<u>316</u>
Current year tax expense	11,280	7,860
(Over)/Under provision in previous financial year		
- income tax	(1,656)	(930)
- deferred tax expense	<u>600</u>	<u>474</u>
	<u>10,224</u>	<u>7,404</u>

20. EMPLOYEE BENEFITS

The total employee benefits recognised in the profit or loss are as follows:

	2024 RM'000	2023 RM'000
Wages, salaries and others	28,517	27,401
Defined contribution plan	<u>2,341</u>	<u>2,178</u>
	<u>30,858</u>	<u>29,579</u>

21. DIRECTORS' REMUNERATION

	2024 RM'000	2023 RM'000
Salaries and allowances	1,856	1,221
Others	<u>108</u>	<u>99</u>
	<u>1,964</u>	<u>1,320</u>

22. RELATED PARTY TRANSACTIONS

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

The Company has related party relationship with its ultimate holding company, related companies and Directors of the Company.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company are as follow:

	2024 RM'000	2023 RM'000
Ultimate holding company		
Sales	9,631	5,588
Royalty and trademark	7,809	7,224
Purchases	58,872	59,061
Related companies		
Sales	-	74
Purchases	64	81

Balances with ultimate holding and related companies at the reporting date are disclosed in Note 9 and Note 14 to the financial statements. All the outstanding balances are expected to be settled in cash by the respective companies.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Company are as follow:

	2024 RM'000	2023 RM'000
<i>Financial assets measured at amortised cost</i>		
Trade and other receivables	52,530	58,540
Cash and bank balances	58,774	18,513
	<u>111,304</u>	<u>77,053</u>
<i>Financial liabilities measured at amortised costs</i>		
Trade and other payables	20,444	30,415
Provisions	777	851
Lease liabilities	1,075	1,370
	<u>22,296</u>	<u>32,636</u>

24. FINANCIAL RISK MANAGEMENT

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from customers.

(i) Receivables

The Company's sales to customers are on credit terms of 90 days. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

When an account is past due, the credit risk is considered to have increased significantly since the initial recognition. The Company identifies as a default account if it is more than 1 year past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Company classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Company's past experience, current conditions and forecast of future economic benefits.

Concentration of credit risk

At the end of each reporting period, approximately ninety-six percent (96%) (2023: 97%) of the trade receivables of the Company were due from 5 customers (2023: 5 customers).

Past due and impaired financial assets

The aging analysis of trade receivables as at the end of the reporting period was:

	Gross amount RM'000	Individual impairment RM'000	Net amount RM'000
2024			
Not past due	46,669	-	46,669
Past due 1-30 days	-	-	-
Past due 31-90 days	-	-	-
Past due more than 90 days	12	(9)	3
	<u>46,681</u>	<u>(9)</u>	<u>46,672</u>
2023			
Not past due	42,646	-	42,646
Past due 1-30 days	9,415	-	9,415
Past due 31-90 days	1,753	-	1,753
Past due more than 90 days	12	(9)	3
	<u>53,826</u>	<u>(9)</u>	<u>53,817</u>

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Trade receivables that are past due but not impaired

The Company believes that no impairment allowance is necessary in respect of these balances. They are substantially companies with good collection track record and no recent history of default.

(ii) Inter-company balances

The Company do not have a formal policy for managing credit risk arising from intercompany receivables as exposure is not considered significant.

As at the end of the reporting period, the maximum exposure to credit risk arising from intercompany receivables is represented by the carrying amounts in the statement of financial position. There was no indication that the amount due from ultimate holding company are not recoverable. The Company do not specifically monitor the ageing of current advances from the holding company.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its payables.

The Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under one year RM'000	More than one year RM'000
2024					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	20,444	-	20,444	20,444	-
Lease liabilities	1,075	5.45%	1,131	658	473
Provisions	777	-	777	777	-
	<u>22,296</u>		<u>22,352</u>	<u>21,879</u>	<u>473</u>

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount	Contractual interest rate	Contractual cash flows	Under one year	More than one year
	RM'000	%	RM'000	RM'000	RM'000
2023					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	30,415	-	30,415	30,415	-
Lease liabilities	1,370	5.20%	1,422	628	794
Provisions	851	-	851	851	-
	<u>32,636</u>		<u>45,488</u>	<u>31,894</u>	<u>794</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

(i) Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD") and Great British Pound ("GBP").

	Denominated in	
	USD	SGD
	RM'000	RM'000
2024		
Trade and other receivables	-	2,020
Trade and other payables	(146)	(66)
Amount due from ultimate holding company	1,012	-
Amount due to ultimate holding company	(624)	-
Bank balance	62	-
Net exposure	<u>304</u>	<u>1,954</u>

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

	Denominated in		
	USD RM'000	SGD RM'000	GBP RM'000
2023			
Trade and other receivables	-	1,149	-
Trade and other payables	(25)	(8)	(1)
Amount due from holding company	928	-	-
Amount due to holding company	(608)	-	-
Bank balance	136	-	-
Net exposure	<u>431</u>	<u>1,141</u>	<u>(1)</u>

A 10% (2023: 10%) weakening of the RM against the following currencies at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Post-tax profit or loss/equity	
	2024 RM'000	2023 RM'000
USD	23	33
SGD	<u>149</u>	<u>87</u>

A 10% (2023: 10%) strengthening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company would fluctuate because of changes in market interest rates. The exposure of the Company to interest rate risk arises primarily from their deposits with licensed banks.

The directors were of the opinion that the Company was not subject to significant exposure to interest rate risk as the changes in market interest rates were insignificant, no sensitivity analysis was being presented at the end of each financial year.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short-term receivables and payables approximate fair value due to the relatively short-term nature of these financial instruments.

26. CAPITAL MANAGEMENT

The Company's principal goal is to maintain healthy balance ratios for the support and continuity of the operational activities and maximising shareholders value. The Company monitors the capital structure and balance ratios so as to optimise their goals, taking into account the economic circumstances. To achieve those goals, the Company's management is able to determine the dividend policy, share issues or other financial instruments. No changes were made in the objectives, policies or processes for managing capital during the financial year.

27. OTHER INFORMATION

- (a) The Company is a private limited company, incorporated and domiciled in Malaysia.
- (b) The registered office is situated at:

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- (c) The principal place of business is situated at:

Unit 21-13, Level 21, Q Sentral
2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia
- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Company's functional currency.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 6 May 2024.

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of **RANBAXY (MALAYSIA) SDN. BHD. (Registration no. 198201009462 (89186-K))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 6 to 42 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 March 2024 and of the financial results and the cash flows of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

KARTHIC KUMAR DORAISAMY

VISWANATHAN SETHURAMAN

Kuala Lumpur

6 May 2024

STATUTORY DECLARATION

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

I, **KARTHIC KUMAR DORAISAMY**, being the director primarily responsible for the financial management of **RANBAXY (MALAYSIA) SDN. BHD. (Registration no. 198201009462 (89186-K))** do solemnly and sincerely declare that the financial statements set out on pages 6 to 42 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.

KARTHIC KUMAR DORAISAMY

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 6 May 2024

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RANBAXY (MALAYSIA) SDN. BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ranbaxy (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2024 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of their financial performance and their cash flows for the financial 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RANBAXY (MALAYSIA) SDN. BHD. (continued)**

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.

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 RANBAXY (MALAYSIA) SDN. BHD. (continued)**

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 RANBAXY (MALAYSIA) SDN. BHD. (continued)**

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.

RSM Malaysia PLT

202206000002 (LLP0030276-LCA) & AF: 0768
Chartered Accountants

Kuala Lumpur
6 May 2024

Ng yin Jin
03739/05/2025 J
Chartered Accountant