Glenmark Pharmaceuticals (Australia) Pty Limited

23 116 922 500

Financial Statements

For the Year Ended 31 March 2019

Rosenfeld Kant & Co
Chartered Accountants
ABN: 74 057 092 046

Level 24, Tower 2
101 Grafton Street
Bondi Junction NSW 2022

PO BOX 86
Bondi Junction NSW 1355

Phone: +61 2 9375 1200
Fax: +61 2 9389 6695
www.roskant.com.au

Glenmark Pharmaceuticals (Australia) Pty Limited

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Glenmark Pharmaceuticals (Australia) Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Raul Valois CA
Partner

18 May 2019

Glenmark Pharmaceuticals (Australia) Pty Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2019

	Note	2019 $	2018 $
Revenue		-	-
Other income		-	-
Other expenses		(5,861)	(5,861)
Finance costs		(3,540)	(3,631)
Profit before income tax		(9,401)	(9,492)
Income tax expense		-	-
Profit from continuing operations		(9,401)	(9,492)
Profit for the year		(9,401)	(9,492)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified to profit or loss when specific conditions are met			
Total comprehensive income for the year		(9,401)	(9,492)

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 March 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		21,527	37,057
TOTAL CURRENT ASSETS		21,527	37,057
NON-CURRENT ASSETS			
TOTAL ASSETS		21,527	37,057
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	10,792	16,921
TOTAL CURRENT LIABILITIES		10,792	16,921
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		10,792	16,921
NET ASSETS		10,735	20,136
EQUITY			
Issued capital		2,119,002	2,119,002
Retained earnings		(2,108,267)	(2,098,866)
		10,735	20,136
TOTAL EQUITY		10,735	20,136

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

Glenmark Pharmaceuticals (Australia) Pty Limited

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Statement of Changes in Equity

For the Year Ended 31 March 2019

2019

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 April 2018		2,119,002	(2,098,866)	20,136
Deficit attributable to members of the parent entity		-	(9,401)	(9,401)
Transactions with owners in their capacity as owners				
Balance at 31 March 2019		2,119,002	(2,108,267)	10,735

2018

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 April 2017		2,079,002	(2,089,374)	(10,372)
Deficit attributable to members of the parent entity		-	(9,492)	(9,492)
Issue of shares		40,000	-	40,000
Balance at 31 March 2018		2,119,002	(2,098,866)	20,136

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

The accompanying notes form part of these financial statements.

Glenmark Pharmaceuticals (Australia) Pty Limited

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Statement of Cash Flows

For the Year Ended 31 March 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(15,530)	(3,631)
Net cash provided by/(used in) operating activities	17	(15,530)	(3,631)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash provided by/(used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	40,000
Net cash provided by/(used in) financing activities		-	40,000
Net increase/(decrease) in cash and cash equivalents held		(15,530)	36,369
Cash and cash equivalents at beginning of year		37,057	688
Cash and cash equivalents at end of financial year	6	21,527	37,057

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2019

The financial report covers Glenmark Pharmaceuticals (Australia) Pty Limited as an individual entity. Glenmark Pharmaceuticals (Australia) Pty Limited is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Glenmark Pharmaceuticals (Australia) Pty Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2 **Summary of Significant Accounting Policies**

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Currently the entity is not registered for GST.

(c) Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision

2 Summary of Significant Accounting Policies

(c) Financial instruments

Financial assets

for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

The investment in [enter investment name] is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2 Summary of Significant Accounting Policies

(c) Financial instruments

Financial assets

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2 Summary of Significant Accounting Policies

(d) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2 **Summary of Significant Accounting Policies**

(g) **Adoption of new and revised accounting standards**

The Company has adopted all standards which became effective for the first time at 31 March 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note for details of the changes due to standards adopted.

(h) **New and Amended Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses	1 July 2017	The amendments to AASB 112 'Income Taxes' clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	Inmaterial due to the entity's operations
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107	1 July 2017	The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	No change
AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle	1 July 2017	The amendments to AASB 12 'Disclosure of Interests in Other Entities' clarify that the disclosure requirements of AASB 12 (other than the requirements for summarised information for subsidiaries, joint ventures and associates) apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners, or discontinued operations in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'.	No change

2 **Summary of Significant Accounting Policies**

(h) New and Amended Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	1 January 2018	The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.	No Change

2 Summary of Significant Accounting Policies

(h) New and Amended Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	1 January 2018	The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.	No Change
AASB 16 Leasing Assets		Leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.	No Change

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

Notes to the Financial Statements
For the Year Ended 31 March 2019

3 Critical Accounting Estimates and Judgments

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

4 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

	2019	2018
	$	$
Finance Costs		
Financial liabilities measured at amortised cost:		
- Other finance costs	3,540	3,631
Total finance costs	3,540	3,631

5 Income Tax Expense

(a) The major components of tax expense (income) comprise:

(b) Reconciliation of income tax to accounting profit:

	2019	2018
	$	$
Prima facie tax payable on profit from ordinary activities before income tax at 28% (2018: 28%)	(2,632)	(2,658)
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	-	-
	(2,632)	(2,658)
Less:		
Tax effect of:		
Income tax expense	(2,632)	(2,658)

Notes to the Financial Statements

For the Year Ended 31 March 2019

5 **Income Tax Expense**

	2019	2018
	$	$
Weighted average effective tax rate	29%	29%

(c) Income tax relating to each component of other comprehensive income:

6 **Cash and Cash Equivalents**

	2019	2018
	$	$
Cash at bank and in hand	21,527	37,057
	21,527	37,057

7 **Property, plant and equipment**

PLANT AND EQUIPMENT		
Office equipment		
At cost	1,998	1,998
Accumulated depreciation	(1,998)	(1,998)
Computer equipment		
At cost	3,288	3,288
Accumulated depreciation	(3,288)	(3,288)
Computer software		
At cost	1,840	1,840
Accumulated depreciation	(1,840)	(1,840)

(a) **Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment	Computer Equipment	Computer Software	Total
	$	$	$	$
Year ended 31 March 2019				
Balance at the beginning of year	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	-	-	-
Balance at the end of the year	-	-	-	-

7 **Property, plant and equipment**

7 **Property, plant and equipment continued**

(a) **Movements in carrying amounts of property, plant and equipment**

	Office Equipment $	Computer Equipment $	Computer Software $	Total $
Year ended 31 March 2018				
Balance at the beginning of year	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	-	-	-
Balance at the end of the year	-	-	-	-

8 **Trade and Other Payables**

	Note	2019 $	2018 $
Current			
Sundry payables and accrued expenses		10,792	16,921

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

9 **Issued Capital**

	2019 $	2018 $
Ordinary shares	2,119,002	2,119,002

(a) **Ordinary shares**

	2019 No.	2018 No.
At the beginning of the reporting period	2,119,002	2,079,002

Notes to the Financial Statements

For the Year Ended 31 March 2019

9 Issued Capital

(a) Ordinary shares

	2019 No.	2018 No.
Shares issued during the year		
Shares Issued	-	40,000
At the end of the reporting period	2,119,002	2,119,002

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

10 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

10 Financial Risk Management

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payable

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Glenmark Pharmaceuticals (Australia) Pty Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Glenmark Pharmaceuticals (Australia) Pty Limited's activities.

The day-to-day risk management is carried out by Glenmark Pharmaceuticals (Australia) Pty Limited's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

10 **Financial Risk Management**

Liquidity risk

Financial guarantee liabilities are treated as payable on demand since Glenmark Pharmaceuticals (Australia) Pty Limited has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Company has significant credit risk exposures in Australia and [enter country name] given the location of its operations in those regions.

10 **Financial Risk Management**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which Glenmark Pharmaceuticals (Australia) Pty Limited holds financial instruments which are other than the AUD functional currency of Glenmark Pharmaceuticals (Australia) Pty Limited.

Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in [insert currency here] and [insert currency here].

To mitigate the Company's exposure to foreign currency risk, non-Australian Dollar cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. The policy is to hedge between -% and -% of forecast foreign currency cash flows

Whilst these forward contracts are economic hedges of the cash flow risk, the Company does not apply hedge accounting to these transactions. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions.

In order to monitor the effectiveness of this policy, the Board receives a monthly report showing the settlement date of transactions denominated in non-Australian Dollar currencies and expected cash reserves in that currency.

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows,

11 **Dividends**

No dividends were declared or paid during the year.

Franking account

	2019	2018
	$	$
The franking credits available for subsequent financial years at a tax rate of 30%	-	-

Notes to the Financial Statements

For the Year Ended 31 March 2019

11 Dividends

Franking account

The above available balance is based on the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $ - (2018: $ -).

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

12 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Glenmark Pharmaceuticals (Australia) Pty Limited during the year are as follows:

	2019
	$
Short-term employee benefits	-

	2018
	$
Short-term employee benefits	-

13 Auditors' Remuneration

	2019	2018
	$	$
- auditing or reviewing the financial statements of subsidiaries	3,861	3,861
Total	3,861	3,861

14 Fair Value Measurement

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

14 Fair Value Measurement

Fair value hierarchy

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liablity held at fair value by the company:

Level 2 measurements

All Plant and equipment have been fully depreciated

Level 3 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

Balance at beginning of year	-	-
Total gains or losses for the year		
Recognised in profit or loss - other income / other expenses - realised	-	-
Other movements		
Sales	-	-
Balance at end of year	-	-

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use. There are currently no assets measured at fair value.

Assets and liabilities not measured at fair value but for which fair value is disclosed

The table below shows the assigned level for each asset and liability not measured at fair value but for which fair value is disclosed in the financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2019

14 Fair Value Measurement

Assets and liabilities not measured at fair value but for which fair value is disclosed

15 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 March 2019 (31 March 2018:None).

16 Related Parties

(a) The Company's main related parties are as follows:

The ultimate parent entity, which exercises control over the Company, is Glenmark Pharmaceuticals (India) Pty Ltd which is incorporated in India and owns 100% of Glenmark Pharmaceuticals (Australia) Pty Limited.

Key management personnel - refer to Note 12.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

17 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	$	$
Profit for the year	(9,401)	(9,492)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Changes in assets and liabilities:		
- increase/(decrease) in trade and other payables	(6,129)	5,861
Cashflows from operations	(15,530)	(3,631)

17 Cash Flow Information

(b) Changes in liabilities arising from financing activities

There were no changes in liabilities arising from financial activities

(c) Non-cash financing and investing activities

There were no non cash financial and investing activities

	2019	2018
	$	$
Purchase of subsidiary using shares	-	-

18 **Events Occurring After the Reporting Date**

The financial report was authorised for issue on 08 May 2019 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

19 **Statutory Information**

The registered office and principal place of business of the company is:
Glenmark Pharmaceuticals (Australia) Pty Limited
Suite 1503 Level 15 , 14 Martin Place
Sydney NSW 2000

rosenfeld kant

Rosenfeld Kant & Co
Chartered Accountants
ABN: 74 057 092 046

Level 24, Tower 2
101 Grafton Street
Bondi Junction NSW 2022

PO BOX 86
Bondi Junction NSW 1355

Phone: +61 2 9375 1200
Fax: +61 2 9389 6695
www.roskant.com.au

Glenmark Pharmaceuticals (Australia) Pty Limited

Independent Audit Report to the members of Glenmark Pharmaceuticals (Australia) Pty Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Glenmark Pharmaceuticals (Australia) Pty Limited (the Company), which comprises the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 March 2019 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards, International Financial Reporting Standards (IFRS) and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards , International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards 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 the financial report.

Independent Audit Report to the members of Glenmark Pharmaceuticals (Australia) Pty Limited

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

- Identify and assess the risks of material misstatement of the financial report, 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 auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Raul Valois CA
Partner
Location Bondi Junction

Dated this ....18......................... day of ....May.................................2019