

Virendra K Jain  
Certified Public Accountant

IPCA PHARMACEUTICALS INC., USA  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017

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Certified Public Accountant

### Independent Accountant's Report

To The Shareholders of  
Ipca Pharmaceuticals Inc.,  
51 Cragwood Road, South Plainfield, NJ USA

I have audited the accompanying financial statements of Ipca Pharmaceuticals Inc., USA as of March 31, 2018 and 2017 and the related statements of Income, Retained earnings and Cash flow for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respect, the financial position of Ipca pharmaceuticals Inc. USA as of March 31, 2018 and 2017, and the result of operations and cash flow for the year ended March 31, 2018 and 2017, in conformity with accounting principles generally accepted in the United States of America.

For Virendra K Jain, CPA

 04/30/18

Virendra K Jain, CPA  
New York, NY  
License No. 093066  
Date : April 30, 2018

**IPCA PHARMACEUTICALS INC., USA**  
**BALANCE SHEET**  
**MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Current Assets:	\$	\$
Cash	369,623	111,081
Accounts Receivables	261,458	22,812
Prepaid Expenses	2,674	2,674
 Total Current Assets	 <u>633,755</u>	 <u>136,567</u>
Fixed Assets:		
Net of Accumulated Depreciation of \$281,710 & \$231,777 in 2018 and 2017	925,692	975,625
Investment in Pisgah Laboratories Inc. (Note 3)	8,860,879	---
Security Deposit	4,833	6,692
 Total Assets	 <u>10,425,159</u>	 <u>1,118,884</u>

**LIABILITIES AND STOCKHOLDERS EQUITY**

Current Liabilities:		
Accrued Expenses	9,000	9,000
 Total Current Liabilities	 <u>9,000</u>	 <u>9,000</u>
<b>Stockholders' Equity:</b>		
Capital Stock ( Note 4)	50,000	50,000
Paid in Capital	1,925,000	1,925,000
Redeemable Preference Shares (Note 4)	9,250,000	---
Retained Earnings	<u>(808,841)</u>	<u>(865,116)</u>
 Total Stockholders' Equity	 <u>10,416,159</u>	 <u>1,109,884</u>
 TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	 <u>10,425,159</u>	 <u>1,118,884</u>

See accompanying notes to Financial Statements

**IPCA PHARMACEUTICALS INC., USA**  
**STATEMENT OF INCOME**  
**FOR THE PREIOD ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	\$	\$
Gross Sales	---	---
Other Income	618,353	753,191
Misc. Income	<u>61</u>	<u>14</u>
 Gross Revenue	 618,414	 753,205
 Gross Profit	 <b>618,414</b>	 <b>753,205</b>
 Operating Expenses:		
Salaries	298,431	389,511
Fringe & Taxes	31,894	34,037
Payroll Taxes	16,346	19,533
Traveling & Boarding	---	4,948
Rent/Utilities	34,835	47,335
Communications	7,583	8,150
Office Supplies	947	2,036
Insurance	4,767	6,649
Professional & Legal Expenses	63,847	4,000
Audit Fees	5,000	5,000
Depreciation	49,933	52,572
Business Meals	176	628
Automobiles	1,582	8,713
Repairs & Maintenance	8,143	7,487
Finance Charges	---	893
Dues & Subscription	---	1,367
Payroll-Admin Charges	5,082	4,748
Property Tax	24,226	24,048
Miscellaneous Expenses	<u>6,522</u>	<u>5,834</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>559,314</u></b>	<b><u>627,489</u></b>
 Income (loss) before Corporate Taxes	 59,100	 125,716
Corporate Taxes (Note 5)	2,825	1,152
<b>Net Income (loss)</b>	<b><u>56,275</u></b>	<b><u>124,564</u></b>

See accompanying notes to Financial Statements

**IPCA PHARMACEUTICALS INC., USA**  
**STATEMENT OF RETAINED EARNINGS**  
**FOR THE PREIOD ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	\$	\$
Retained Earnings - Beginning of the period	(865,116)	(989,680)
Income (loss) for the year	<u>56,275</u>	<u>124,564</u>
Retained Earnings - END OF THE PERIOD	<u>(808,841)</u>	<u>(865,116)</u>

See accompanying notes to Financial Statements

**IPCA PHARMACEUTICALS INC., USA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Current Assets:	\$	\$
Cash flows from operating activities:		
Net Income (loss)	56,275	124,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	49,933	52,572
Changes in assets and liabilities:		
Decrease (Increase) in accounts Receivables	(238,646)	164,007
(Decrease) Increase in accrued expenses	---	2,000
(Decrease) Increase in Prepaid expenses	----	904
	-----	-----
Total adjustments	<u>(188,713)</u>	<u>219,483</u>
Net cash provided by operating activities	<u>(132,438)</u>	<u>344,047</u>
Cash flow from investing activities:		
Decrease in Security Deposit	1,859	---
Investment in Pisgah Laboratories Inc	(8,860,879)	---
	-----	-----
Net Cash from investing activities	(8,859,020)	---
Cash flow from financing activities:		
Increase in Redeemable Pref. Shares	9,250,000	---
Decrease in Loan from Bank	---	(300,000)
	-----	-----
Net Cash used from financing activities:	<u>9,250,000</u>	<u>(300,000)</u>
Net Increase in cash	258,542	44,047
Cash at beginning of period	<u>111,081</u>	<u>67,034</u>
<b>CASH AT END OF PERIOD</b>	<u><b>369,623</b></u>	<u><b>111,081</b></u>

See accompanying notes to Financial Statements

**IPCA PHARMACEUTICALS INC., USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018 AND 2017**

**Note 1**      **A summary of significant Accounting Policies**

**CORPORATION:**

The entity is C Corporation organized and incorporated under the laws of state of New Jersey USA. The Corporation is a wholly owned subsidiary of Ipca Laboratories Ltd., India, a limited liability company registered in India and listed on Indian Stock Exchange.

The corporation is formed with the objective to monitor the registration of generic finished dose formulations and establish marketing and distributing relationships with the companies in USA for these products. Additionally, it also imports Active Pharmaceuticals Ingredients from India to sell to customers in USA.

**USE OF ESTIMATES IN FINANCIAL STATEMENTS PREPARATION:**

The preparation of Financial statements in conformity with accounting principal generally accepted in United State of America require the use of estimates and assumptions that affect the reported amounts of Assets & Liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The company's financial statements include amounts that are based on management's best estimates and judgments.

**FIXED ASSETS**

Acquisition of equipment's, furniture and fixtures are capitalized in their respective accounts at cost. Ordinary maintenance and repair items are charged directly to expenses as incurred.

Depreciation is being provided based in the estimated useful life using straight line method.

**NOTE 2**      **Income:**

The Corporation imports and sells approved Active Pharmaceutical Ingredients to customers in USA. Sales are derived from this activity. However there is no sale purchase during the year. The corporation also provides liaisoning and post marketing support services. Other Income includes service charges from this activity.

**IPCA PHARMACEUTICALS INC., USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018 AND 2017**

**NOTE 3 Investment In Pisgah Laboratories Inc. NC, USA :**

(A) During the year under report effective January 16th 2018, the Company has acquired 90% common stock of Pisgah Laboratories Inc. (Pisgah) based out of North Carolina, USA. Pisgah was originally founded in the year 1981 as a contract manufacturer and developer of active pharmaceutical ingredients (APIs) and intermediates and has been a chemistry solutions provider for over three decades. This acquisition will help the Company to establish its foothold in the US market (including but not limited to) in the field of research / small volume APIs and intermediates manufacturing. Pisgah will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name.

(B) Ipca Pharmaceuticals Inc. USA has acquired a USA company "Pisgah Laboratories Inc." a C Corporation Incorporated in State of North Carolina, (NC) USA on January 16th, 2018 with 10% ownership of Onyx Scientific Limited, of UK, a step down subsidiary of Ipca Laboratories Limited, India. A summary of the total deal arrived as under

Total Cost of Acquisition	\$ 9,825,879
Share of 10% of the purchase consideration paid by Onyx Scientific Limited, UK	\$ <u>(965,000)</u>
Balance 90% paid by Ipca USA	\$ <u>8,860,879</u>

**NOTE: 4 Shareholders Equity:**

IPCA Pharmaceuticals Inc USA have following Shareholding pattern as of March 31, 2018

**Authorized:**

Common Stock : 1000 shares @ \$ 50 per share :	Total \$ 50,000
Redeemable Preference shares 20,000 shares @ \$ 1000 each :	Total \$ 20,000,000
(Non Voting)	

**Issued and Paid up:**

Common Stock: 1000 shares @ \$ 50 per share	Total \$ 50,000
Redeemable Preference shares 9,250 Nos @ \$ 1000:	Total \$ 9,250,000
(Non Voting)	

**IPCA PHARMACEUTICALS INC., USA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018 AND 2017**

**NOTE 5 Corporate Tax:**

Since the corporation has accumulated losses, no Income Tax provision has been made for Federal Income Tax. However, NJ State Tax payment is made in time.

**NOTE 6 Commitments and Contingencies:**

The corporation has one lease commitments for its registered office which expires on February 28, 2019. The total lease commitments are \$ 26,571 and \$ 57,858 as of March 31, 2018 and 2017.

For Virendra K Jain, CPA

 04/30/18

Virendra K Jain, CPA  
New York, NY 10036  
License No. 093066  
Date : April 30, 2018