

Virendra K Jain
Certified Public Accountant

BAYSHORE PHARMACEUTICALS, LLC
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2019

Virendra K Jain
Certified Public Accountant

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Virendra K Jain
Certified Public Accountant

Independent Accountant's Report

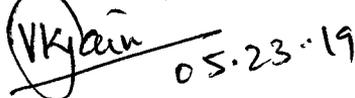
To Partners/Shareholders of
Bayshore Pharmaceuticals, LLC
788 Morris Turnpike, Suite 200
Short Hills, NJ – 07078, USA

I have audited the accompanying financial statements of Bayshore Pharmaceuticals, LLC as of March 31, 2019, and the related statements of Income, Retained earnings for the period from October 2nd, 2018 and ended March 31, 2019 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 the 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 Bayshore Pharmaceuticals, LLC as of March 31, 2019, and the result of operations for the period from 2nd October 2018 and ended March 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

For Virendra K Jain, CPA



Virendra K Jain, CPA
New York, NY
License No. 093066
Date: May 23, 2019

**BAYSHORE PHARMACEUTICALS, LLC
BALANCE SHEET
MARCH 31, 2019**

As at
March 31 2019
\$

Current Assets:

| | |
|-----------------------------|-------------------------|
| Cash & Bank | 1,181,030 |
| Accounts Receivables | 5,118,660 |
| Inventory | 1,254,419 |
| Prepaid Expenses | 122,171 |
| Total Current Assets | <u>7,676,280</u> |

Fixed & Intangible Assets:

| | |
|--------------------------|----------------|
| Fixed Assets | 14,776 |
| Accumulated Depreciation | <u>(5,687)</u> |
| Net Fixed Assets | 9,089 |

| | |
|--------------------------|------------------|
| Intangible Assets | 15,092,512 |
| Accumulated Amortization | <u>(519,630)</u> |
| Net Intangible Assets | 14,572,882 |

Total Fixed & Intangible Assets **14,581,971**

Other Assets:

| | |
|---------------------------|---------------------|
| Security Deposit | 2,658 |
| Total Other Assets | <u>2,658</u> |

Total Assets **22,260,909**

**BAYSHORE PHARMACEUTICALS, LLC
BALANCE SHEET
MARCH 31, 2019**

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities:

| | |
|----------------------------------|--------------------------|
| Accounts Payable | 7,305,858 |
| Product Profit Payable | 652,610 |
| Interest Payable | 54,726 |
| Accrued Expenses | 10,000 |
| Loans & Notes Payable | 2,000,000 |
| Total Current Liabilities | <u>10,023,194</u> |

Long Term Liabilities:

| | |
|------------------------------------|-------------------------|
| Loans and Notes Payable | 1,000,000 |
| Total Long Term Liabilities | <u>1,000,000</u> |

Stockholders' Equity:

| | |
|-----------------------------------|--------------------------|
| Equity – Ipca USA | 1,115,780 |
| Equity – Paradiso | 150,473 |
| Equity – SP Ventures | 128,472 |
| Fair Value Adjustment Reserve | 11,658,164 |
| Retained Earnings | <u>(1,815,174)</u> |
| Total Stockholders' Equity | <u>11,237,715</u> |

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY **22,260,909**

See accompanying notes to Financial Statements

BAYSHORE PHARMACEUTICALS, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2019 (2nd Oct - 31st March, 2019)

| | <u>2019</u> |
|---------------------------------|--------------------------|
| | \$ |
| <u>Revenue:</u> | |
| Revenue from Operations | <u>9,819,938</u> |
| Total Income | 9,819,938 |
| <u>Expenses:</u> | |
| Purchase of Stock in Trade | 10,218,204 |
| Employee Benefit Expenses | 399,148 |
| Finance Cost | 54,846 |
| Depreciation & Amortization | 248,519 |
| Other Expenses | <u>705,533</u> |
| TOTAL OPERATING EXPENSES | <u>11,626,250</u> |
| Net Income / (Loss) | (1,806,312) |

See accompanying notes to Financial Statements

BAYSHORE PHARMACEUTICALS, LLC
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2019 (2nd Oct - 31st March, 2019)

| | <u>2019</u> |
|---|---------------------------|
| | \$ |
| Retained Earnings – Beginning of the period | (8,862) |
| Income / (Loss) for the year | <u>(1,806,312)</u> |
| Retained Earnings – End of the Year | <u>(1,815,174)</u> |

See accompanying notes to Financial Statements

BAYSHORE PHARMACEUTICALS, LLC
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2019 (2nd Oct - 31st March, 2019)

| | <u>2019</u> |
|--|--------------------------|
| Current Assets: | \$ |
| Cash flows from operating activities: | |
| Net Income (loss) | (1,806,312) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 1,478 |
| Amortization | 247,041 |
| Changes in assets and liabilities: | |
| Decrease / (Increase) in Accounts Receivables | (1,063,009) |
| Decrease / (Increase) in Inventory | 4,214 |
| Decrease / (Increase) in Product Profit Payable | 357,211 |
| Decrease / (Increase) in Prepaid Exp | (106,129) |
| Decrease / (Increase) in Accrued Exp | 10,000 |
| Decrease / (Increase) in Accounts Payable | 2,496,358 |
| Decrease / (Increase) in Interest Payable | 14,509 |
| Total adjustments | <u>1,961,673</u> |
| Net cash provided by operating activities | <u>155,361</u> |
| Cash flow from investing activities: | |
| Decrease / (Increase) in Intangible Assets | <u>(11,896,052)</u> |
| Net Cash from investing activities | <u>(11,896,052)</u> |
| Cash flow from financing activities: | |
| Decrease / (Increase) in Fair Value Adjustment | 11,658,164 |
| Net Cash used from financing activities: | <u>11,658,164</u> |
| Net Increase / (Decrease) in Cash | (82,527) |
| Cash at beginning of period | <u>1,263,557</u> |
| CASH AT END OF PERIOD | <u>1,181,030</u> |

See accompanying notes to Financial Statements

BAYSHORE PHARMACEUTICALS, LLC
Notes to Financial Statements
Period from 2nd Oct 2018 thru March 31, 2019

Note 1 Organization

Bayshore Pharmaceuticals LLC (Bayshore) organized and incorporated under the laws of state of New Jersey (NJ) in the year 2011. Bayshore was originally founded as a sales and marketing company of FDA approved generics drug products in the USA. The company is currently engaged in the selling & marketing of its own registered generics drug products as well as the registered drug products of other companies. Bayshore is also registered in the State of Ohio.

Ipca Pharmaceuticals Inc. NJ USA, has acquired 80% units of Bayshore on 2nd October 2018 who is a wholly owned (100%) subsidiary of IPCA Laboratories Limited India.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Corporation are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates in Financial Statements preparations:

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 judgment Actual results could differ from those estimates.

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.

BAYSHORE PHARMACEUTICALS, LLC
Notes to Financial Statements
Period from 2nd Oct 2018 thru March 31, 2019

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Inventories

Items of inventories are valued lower of cost or estimated net realisable value.

Revenue

Revenue from sale of goods is recognized net of chargebacks, credit to customers, allowances and cash discount etc., when Company satisfy the performance obligation by transferring promised goods or service to customer.

NOTE 3 Acquisition by IPCA USA

During the year under report on October 2nd, 2018, the Company Ipca Pharmaceuticals Inc. USA has acquired 80% common stock of Bayshore Pharmaceuticals LLC. This acquisition of the majority stake in Bayshore will enable the company to commercialize its registered formulations in the US market, through this entity. The total cost of acquisition is \$ 10,435,221

NOTE: 4 Shareholders' Equity

Bayshore Pharmaceuticals LLC has following units pattern as of March 31, 2019

Authorized

Total Units 1000

Issued and Paid up

Issued and Paid up 1000 units (800 units held by Ipca USA and 20% by others)

BAYSHORE PHARMACEUTICALS, LLC
Notes to Financial Statements
Period from 2nd Oct 2018 thru March 31, 2019

NOTE 5 Corporate Tax

Since the company Bayshore is a Pass-Thru Entity for tax purposes and its profit & loss will be included in the tax returns of Partners, there is no liability to Federal taxes.

For Virendra K Jain, CPA

 05.23.19

Virendra K Jain, CPA
New York, NY 10036
License No. 093066
Date: May 23, 2019