

Virendra K Jain  
Certified Public Accountant

PISGAH LABS INC., USA  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

Virendra K Jain  
Certified Public Accountant

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**Independent Accountant's Report**

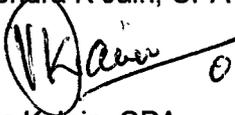
To,  
The Shareholders of  
Pisgah Laboratories Inc.  
d/b/a - Pisgah Labs Inc.,  
3222 Old Hendersonville Hwy,  
Pisgah Forest, NC – 28768, USA

I have audited the accompanying financial statements of Pisgah Labs Inc., USA as of March 31, 2019 and 2018, and the related statements of Income, Retained earnings 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 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 Pisgah Labs Inc. USA as of March 31, 2019 and 2018, and the result of operations for the year ended March 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

For Virendra K Jain, CPA

 05-23-19

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

**PISGAH LABORATORIES INC. USA**  
**BALANCE SHEET**  
**MARCH 31, 2019 AND 2018**

	As at March 31 <u>2019</u> \$	As at March 31 <u>2018</u> \$
<b>Current Assets:</b>		
Cash & Bank	43,738	349,709
Accounts Receivables	129,000	299,000
Inventory	315,977	186,063
Loans to Staff	2,509	---
Prepaid Expenses	44,759	---
<b>Total Current Assets</b>	<b><u>535,983</u></b>	<b><u>834,772</u></b>
<b>Fixed &amp; Intangible Assets:</b>		
Fixed Assets	3,553,029	3,208,015
Accumulated Depreciation	<u>(303,437)</u>	<u>(39,081)</u>
Net Fixed Assets	3,249,592	3,168,934
Intangible Assets	5,916,504	5,916,504
Accumulated Amortization	<u>(739,563)</u>	<u>(147,913)</u>
Net Intangible Assets	5,176,941	5,768,591
<b>Total Fixed &amp; Intangible Assets</b>	<b><u>8,426,533</u></b>	<b><u>8,937,525</u></b>
<b>Other Assets:</b>		
Deferred Taxes	262,647	262,647
<b>Total Other Assets</b>	<b><u>262,647</u></b>	<b><u>262,647</u></b>
<b>Total Assets</b>	<b><u>9,225,163</u></b>	<b><u>10,034,944</u></b>

**PISGAH LABORATORIES INC. USA  
BALANCE SHEET  
MARCH 31, 2019 AND 2018**

**LIABILITIES AND STOCKHOLDERS EQUITY**

	<b>As at March 31 <u>2019</u> \$</b>	<b>As at March 31 <u>2018</u> \$</b>
<b>Current Liabilities:</b>		
Accounts Payable	59,199	5,330
Accrued Expenses	45,257	---
Dividend Payable	---	348,065
Other Payable	4,712	---
<b>Total Current Liabilities</b>	<b><u>109,168</u></b>	<b><u>353,395</u></b>
<b>Stockholders' Equity:</b>		
Fair Value Adjustment Reserve	9,733,879	9,733,879
Common Stock (Note 4)	92,000	92,000
Redeemable Pref. Shares	1,600,000	---
Retained Earnings	<u>(2,309,884)</u>	<u>(144,330)</u>
<b>Total Stockholders' Equity</b>	<b><u>9,115,995</u></b>	<b><u>9,681,549</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b><u>9,225,163</u></b>	<b><u>10,034,944</u></b>

See accompanying notes to Financial Statements

**PISGAH LABORATORIES INC. USA**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2019 AND 2018 (16<sup>th</sup> Jan-31<sup>st</sup> March, 2018)**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b><u>Revenue:</u></b>		
Revenue from Operations	44,000	---
Other Income	<u>258,062</u>	<u>260,020</u>
<b>Total Income</b>	<b>302,062</b>	<b>260,020</b>
<b><u>Expenses:</u></b>		
Cost of Materials Consumed	23,791	2,255
Inventory Adjustment of Finished Goods	(104,600)	---
Employee Benefit Expenses	897,222	99,609
Depreciation & Amortization	856,006	186,994
Other Expenses	<u>795,326</u>	<u>115,492</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>2,467,745</u></b>	<b><u>404,350</u></b>
<b>Income / (Loss) before Corporate Taxes</b>	<b>(2,165,683)</b>	<b>(144,330)</b>
Corporate Taxes (Note 3)	18,603	---
<b>Net Income (loss)</b>	<b>(2,184,286)</b>	<b>(144,330)</b>

See accompanying notes to Financial Statements

**PISGAH LABORATORIES INC. USA**  
**STATEMENT OF RETAINED EARNINGS**  
**FOR THE YEAR ENDED MARCH 31, 2019 AND 2018 (16<sup>th</sup> Jan-31<sup>st</sup> March, 2018)**

	<u>2019</u>	<u>2018</u>
	\$	\$
Retained Earnings – Beginning of the Year	(144,330)	---
Dividend Adjustment of Prior Year	18,732	---
Income / (Loss) for the year	<u>(2,184,286)</u>	<u>(144,330)</u>
<b>Retained Earnings – End of the Year</b>	<b><u>(2,309,884)</u></b>	<b><u>(144,330)</u></b>

See accompanying notes to Financial Statements

**PISGAH LABORATORIES INC. USA**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2019 AND 2018 (16<sup>th</sup> Jan-31<sup>st</sup> March, 2018)**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Cash flows from operating activities:</b>		
Net Income (loss)	(2,184,286)	(144,330)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	264,356	39,081
Amortization	591,650	147,913
<b>Changes in assets and liabilities:</b>		
Decrease / (Increase) in Accounts Receivables	170,000	(299,000)
Decrease / (Increase) in Inventory	(129,914)	(186,063)
Decrease / (Increase) in Loans & Exchange	(2,509)	----
Decrease / (Increase) in Prepaid Expenses	(44,759)	----
Decrease / (Increase) in Accrued Expenses	45,257	----
Decrease / (Increase) in Accounts Payable	53,869	5,330
(Decrease) / Increase in Other Payables	<u>4,712</u>	<u>----</u>
<b>Total adjustments</b>	<b><u>952,662</u></b>	<b><u>(292,739)</u></b>
<b>Net cash provided by operating activities</b>	<b><u>(1,231,624)</u></b>	<b><u>(437,069)</u></b>
<b>Cash flow from investing activities:</b>		
Decrease / (Increase) in Fixed Assets	(345,014)	(3,208,015)
Decrease / (Increase) in Intangible Assets	----	(5,916,504)
Decrease / (Increase) in Deferred Tax	<u>----</u>	<u>(262,647)</u>
<b>Net Cash from investing activities</b>	<b><u>(345,014)</u></b>	<b><u>(9,387,166)</u></b>
<b>Cash flow from financing activities:</b>		
Decrease / (Increase) in Deferred Tax	----	92,000
Increase in Investments	1,600,000	9,733,879
(Decrease) in Dividend Payable	<u>(329,333)</u>	<u>348,065</u>
<b>Net Cash used from financing activities:</b>	<b><u>1,270,667</u></b>	<b><u>10,173,944</u></b>
Net Increase (Decrease) in cash	(305,971)	349,709
Cash at beginning of period	<u>349,709</u>	<u>----</u>
<b>CASH AT END OF PERIOD</b>	<b><u>43,738</u></b>	<b><u>349,709</u></b>

See accompanying notes to Financial Statements

**PISGAH LABORATORIES INC. USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 and 2018 (16 Jan-31<sup>st</sup> March, 2018)**

**Note 1      Organization**

Pisgah Laboratories Inc. (Pisgah) is C Corporation organized and incorporated under the laws of state of North Carolina (NC) founded in the year 1981. Pisgah is a contract manufacturer and developer of Active Pharmaceutical Ingredients (APIs) and Intermediates.

Pisgah was acquired on 16<sup>th</sup> January 2018 jointly by Ipca Pharmaceuticals Inc. NJ, USA (90%) and Onyx Scientific Limited UK (10%) both are wholly owned subsidiaries of Ipca Laboratories Limited India.

**Note 2      Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Company 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 preparation:**

The preparation of Financial statements in conformity with accounting principle 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. The assets were revalued at the time of acquisition and fair market values were considered as carrying cost in the books.

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

**PISGAH LABORATORIES INC. USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 and 2018 (16 Jan-31<sup>st</sup> March, 2018)**

**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 returns, when Company satisfy the performance obligation by transferring promised goods or service to customer. Revenue from services is recognized when all relevant activities are completed and the right to receive income is established.

**NOTE 3      Acquisition by IPCA USA and ONYX Scintific Limited UK**

(A) During the year of 2018 effective January 16th 2018, Ipca USA and Onyx Scientific Limited, UK have acquired 90% and 10% respectively common stock of the Company. The Company 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.

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**

Pisgah Labs Inc have following Shareholding pattern as of March 31, 2019:

**Authorized**

Common Stock : 100,000 shares @ \$ 1 per share :	Total \$	100,000
Redeemable Preference shares 10,000 shares @ \$ 1000 each	Total \$	10,000,000

**(Non Voting) (Previous Year Nil)**

**Issued and Paid up**

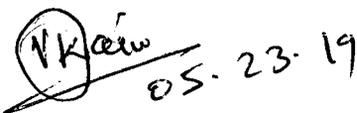
Common Stock: 92,000 shares @ \$ 1 per share	Total \$	92,000
Redeemable Preference shares 1600 shares @ \$ 1000	Total \$	1,600,000

**(Non Voting) (Previous Year Nil)**

**NOTE 5      Corporate Tax**

Since the corporation has loss in current year, no Income tax provision included for Federal Corporate Tax. However provision for NC State tax is included as per tax rates of the State of North Carolina

For Virendra K Jain, CPA



*VK Jain*  
05.23.19

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