

Virendra K Jain
Certified Public Accountant

PISGAH LABS INC., USA
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

Virendra K Jain
Certified Public Accountant

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Virendra K Jain
Certified Public Accountant

Independent Accountant's Report

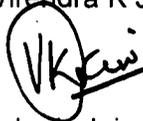
To,
The Shareholders of
Pisgah Laboratories Inc.
d/b/a - Pisgah Labs Inc.,
3222 Old Hendersonville Hwy,
Pisgah Forest, NC – 28768, USA

I have audited the accompanying financial statements of Pisgah Labs Inc., USA as of March 31, 2022 and 2021, 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, 2022 and 2021, and the result of operations for the year ended March 31, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America.

For Virendra K Jain, CPA

 05.19.2022

Virendra K Jain, CPA
New York, NY
License No. 093066
Date: May 19, 2022

Virendra K Jain
Certified Public Accountant

PISGAH LABORATORIES INC. USA
BALANCE SHEET
MARCH 31, 2022 AND 2021

	As at March 31 <u>2022</u> \$	As at March 31 <u>2021</u> \$
Current Assets:		
Cash & Bank	79,047	346,634
Accounts Receivables	644,133	38,966
Inventory	783,704	531,066
Prepaid Expenses	48,563	47,096
Total Current Assets	<u>1,555,447</u>	<u>963,762</u>
Fixed & Intangible Assets:		
Fixed Assets	3,584,337	3,553,628
Accumulated Depreciation	<u>(1,136,789)</u>	<u>(860,674)</u>
Net Fixed Assets	2,447,548	2,692,954
Intangible Assets	5,916,504	5,916,504
Accumulated Amortization & Impairment	<u>(5,401,448)</u>	<u>(5,315,606)</u>
Net Intangible Assets	515,056	600,898
Total Fixed & Intangible Assets	<u>2,962,604</u>	<u>3,293,852</u>
Other Assets:		
Construction - WIP	46,900	----
Deferred Taxes	262,647	262,647
Total Other Assets	<u>309,547</u>	<u>262,647</u>
Total Assets	<u>4,827,598</u>	<u>4,520,261</u>

**PISGAH LABORATORIES INC. USA
BALANCE SHEET
MARCH 31, 2022 AND 2021**

LIABILITIES AND STOCKHOLDERS EQUITY

	As at March 31 <u>2022</u> \$	As at March 31 <u>2021</u> \$
Current Liabilities:		
Accounts Payable	14,040	3,273
Accrued Expenses	34,110	65,201
Other Payable	827,398	244,275
Total Current Liabilities	<u>875,548</u>	<u>312,749</u>
Stockholders' Equity:		
Fair Value Adjustment Reserve	9,733,879	9,733,879
Common Stock (Note 4)	92,000	92,000
Redeemable Pref. Shares	7,200,000	5,450,000
Retained Earnings	<u>(13,073,829)</u>	<u>(11,068,367)</u>
Total Stockholders' Equity	<u>3,952,050</u>	<u>4,207,512</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>4,827,598</u>	<u>4,520,261</u>

See accompanying notes to Financial Statements

PISGAH LABORATORIES INC. USA
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Revenue:</u>		
Revenue from Operations	458,936	77,451
PPP - Loan forgiveness	239,000	----
Other Income	<u>99,314</u>	<u>104,676</u>
Total Income	797,250	182,127
<u>Expenses:</u>		
Cost of Materials Consumed & Inventory Adjustment	115,354	29,846
Employee Benefit Expenses	1,654,275	1,488,600
Depreciation, Amortization & Impairment	361,958	364,273
Other Expenses	<u>664,125</u>	<u>657,527</u>
TOTAL OPERATING EXPENSES	<u>2,795,712</u>	<u>2,540,246</u>
Income / (Loss) before Corporate Taxes	(1,998,462)	(2,358,119)
Corporate Taxes (Note 3)	7,000	6,545
Net Income (loss)	(2,005,462)	(2,364,664)

See accompanying notes to Financial Statements

PISGAH LABORATORIES INC. USA
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	\$	\$
Retained Earnings – Beginning of the Year	(11,068,367)	(8,703,703)
Dividend Adjustment of Prior Year	----	----
Income / (Loss) for the year	<u>(2,005,462)</u>	<u>(2,364,664)</u>
Retained Earnings – End of the Year	<u>(13,073,829)</u>	<u>(11,068,367)</u>

See accompanying notes to Financial Statements

PISGAH LABORATORIES INC. USA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Current Assets:	\$	\$
Cash flows from operating activities:		
Net Income (loss)	(2,005,462)	(2,364,664)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	276,115	278,431
Amortization & impairment	85,842	85,842
Changes in assets and liabilities:		
Decrease / (Increase) in Accounts Receivables	(605,167)	65,358
Decrease / (Increase) in Inventory	(252,638)	(29,169)
Decrease / (Increase) in Prepaid Expenses	(1,467)	(629)
Decrease / (Increase) in Accrued Expenses	(31,091)	41,701
Decrease / (Increase) in Accounts Payable	10,767	(96,717)
(Decrease) / Increase in Other Payables	<u>583,123</u>	<u>244,275</u>
Total adjustments	<u>65,484</u>	<u>589,092</u>
Net cash provided by operating activities	<u>(1,939,978)</u>	<u>(1,775,572)</u>
Cash flow from investing activities:		
Decrease / (Increase) in Fixed Assets	(30,709)	----
Decrease / (Increase) in Capital WIP	(46,900)	----
Net Cash from investing activities	(77,609)	----
Cash flow from financing activities:		
Increase in Investments	1,750,000	2,050,000
(Decrease) in Dividend Payable	----	----
Net Cash used from financing activities:	<u>1,750,000</u>	<u>2,050,000</u>
Net Increase (Decrease) in cash	(267,587)	274,428
Cash at beginning of period	<u>346,634</u>	<u>72,206</u>
CASH AT END OF PERIOD	<u><u>79,047</u></u>	<u><u>346,634</u></u>

See accompanying notes to Financial Statements

PISGAH LABORATORIES INC. USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 and 2021

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.

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, 2022 and 2021

Intangible Assets:

Intangible assets are stated at cost less accumulated amortization as at 03/31/2022 & 03/31/2021. However impairment of \$ 3,898,550 are included in accumulated amortization of \$ 5,401,448 & \$ 5,315,606 in 03/31/2022 & 03/31/2021. 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 realizable 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 SHAREHOLDERS EQUITY

Pisgah Labs Inc have following Shareholding pattern as of March 31, 2022:

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)

Issued and Paid up

Common Stock: 92,000 shares @ \$ 1 per share	Total \$	92,000
Redeemable Preference shares 7200 shares @ \$ 1000	Total \$	7,200,000

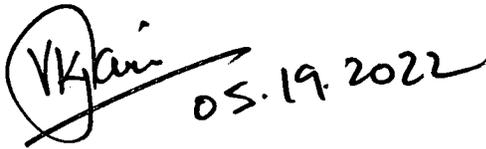
(Non voting) (Previous Year \$ 5,450,000)

PISGAH LABORATORIES INC. USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 and 2021

NOTE 4 CORPORATE TAX

Since the corporation has loss in current year, Income tax provision not provided 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

Handwritten signature of Virendra K Jain and date 05.19.2022

Virendra K Jain, CPA
New York, NY 10036
License No. 093066
Date: May 19, 2022