

**ADITYA ACQUISITION COMPANY LTD.**  
**FINANCIAL STATEMENTS AS OF**  
**MARCH 31, 2016**

**ADITYA ACQUISITION COMPANY LTD.**  
**FINANCIAL STATEMENTS AS OF MARCH 31, 2016**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Balance Sheets	2
Statements of Profit or Loss	3
Statement of Changes in Shareholders' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10

**The amounts are stated in New Israeli Shekels (NIS) in thousands.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
ADITYA ACQUISITION COMPANY LTD.**

We have audited the accompanying balance sheet of Aditya Acquisition Company Ltd, (the "Company") as of March 31, 2016 and 2015 and the related statement of profit or loss, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2016 and 2015 and the results of its operations, changes in its shareholders' equity and cash flows for the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

**Ziv Haft**  
**Certified Public Accountants (Isr.)**  
**BDO Member Firm**

Tel-Aviv, Israel  
May 1, 2016

**ADITYA ACQUISITION COMPANY LTD.****BALANCE SHEETS (NIS in thousands)**

		<b>As on March 31,</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3	532	375
Unbilled receivable		1,703	1,055
Other accounts receivable	4	778	602
		<u>3,013</u>	<u>2,032</u>
Property and equipment	5	25	23
Deferred tax assets	6	200	174
		<u>3,238</u>	<u>2,229</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable		140	267
Other accounts payable	7	3,089	1,882
		<u>3,229</u>	<u>2,149</u>
<b>NUN - CURRENT LIABILITIES:</b>			
Loans from related party	8	-	598
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	9	*	*
Accumulated deficit		(518)	14
Net profit (loss)		527	(532)
		<u>9</u>	<u>(518)</u>
		<u>3,238</u>	<u>2,229</u>

\*) less than 1K NIS.

---

Sudhir Valia  
Director

---

May 1, 2016  
Date of approval of the  
financial statements

**The accompanying notes are an integral part of the financial statements**

**ADITYA ACQUISITION COMPANY LTD.**

**STATEMENTS OF PROFIT OR LOSS (NIS in thousands)**

	<b>Note</b>	<b>For the year ended March 31,</b>	
		<b>2016</b>	<b>2015</b>
Revenue		13,852	10,598
Cost of Services	10	<u>(13,070)</u>	<u>(10,803)</u>
Operating profit (loss)		782	(205)
Financial expenses, net	11	<u>20</u>	<u>139</u>
Profit (Loss) before income taxes		762	(344)
Tax expenses	12	<u>235</u>	<u>188</u>
Net profit (loss)		<u>527</u>	<u>(532)</u>

**The accompanying notes are an integral part of the financial statements**

**ADITYA ACQUISITION COMPANY LTD.**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (NIS in thousands)**

	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
<b>Balance as of April 1, 2014</b>	*	14	14
<b>Changes in equity (deficiency) for 2014:</b>			
Net Loss	<u>-</u>	<u>(532)</u>	<u>(532)</u>
<b>Balance at March 31, 2015</b>	*	(518)	(518)
<b>Changes in equity for 2015:</b>			
Net profit	<u>-</u>	<u>527</u>	<u>527</u>
<b>Balance at March 31, 2016</b>	<u>*</u>	<u>9</u>	<u>9</u>

\*) less than 1K NIS.

**The accompanying notes are an integral part of the financial statements**

**ADITYA ACQUISITION COMPANY LTD.****STATEMENTS OF CASH FLOWS (NIS in thousands)**

	<b>Year ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b><u>Cash flows from operating activities:</u></b>		
Net profit (loss) for the period	527	(532)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	17	(8)
Decrease (Increase) in Unbilled receivable	(1,214)	135
Increase in other account receivable	(176)	(579)
Increase in accounts payable	(127)	41
Increase in other accounts payable	1,773	1,027
Decrease in Deferred taxes	(26)	(107)
<b>Net cash provided by (used in) operating activities</b>	<b>774</b>	<b>(7)</b>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of property and equipment	(19)	(11)
<b>Net cash used in investing activities</b>	<b>(19)</b>	<b>(11)</b>
<b><u>Cash flows from financing activities:</u></b>		
Loan repayment	(598)	(1,793)
<b>Net cash provided by (used in) investing activities</b>	<b>(598)</b>	<b>(1,793)</b>
<b>Decrease in cash and cash equivalents</b>	<b>157</b>	<b>(1,811)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>375</b>	<b>2,186</b>
<b>Cash and cash equivalents at end of period</b>	<b>532</b>	<b>375</b>

The accompanying notes are an integral part of the financial statements

## **ADITYA ACQUISITION COMPANY LTD.**

### **NOTES TO FINANCIAL STATEMENTS (NIS in thousands)**

#### **NOTE 1 - GENERAL:**

- A. Aditya Acquisition Company Ltd. (hereinafter: the "Company") incorporated in Israel on April 22, 2007 and commenced operations In April 2013.
- B. The Company is engaged in the provision of manufacturing services mainly to manufacturing pharmaceuticals companies.
- C. The Company is wholly owned subsidiary of Alkaloida Chemical Company Exclusive Group Limited, a corporation organized under the law of Hungary.
- D. The Company signed a Services Agreement with related parties in which the related parties shall pay to the Company in consideration for the consulting services in relation to formulation / bulk drugs of certain pharmaceutical product lines, an amount equal to the costs of the Company in connection with the Services as reported by Company, plus certain percentage as total consideration (the "Services Fee").

#### **NOTE 2 - ACCOUNTING POLICIES:**

##### **A. General:**

The Financial statements have been prepared on the historical cost basis, are presented according to the nominal values and not reported values, nor values adjusted to the changes in the general purchasing power of the Israeli currency, in accordance with accepted accounting principles.

##### **B. Definitions:**

In these financial statements:

The Company - Aditya Acquisition Company Ltd.

Related Parties - Within the meaning of Statement of Opinion No. 29 of the Israeli Institute of Certified Public Accountants.

Index - The Consumer Price Index as published by the Central Bureau of Statistics.

Foreign currency - Currency which is not the New Israeli Shekel.

##### **C. Foreign currency and linkage:**

1. Assets and liabilities in foreign currency or linked to it are presented at the representative rate of exchange on the balance sheet date. Income and expenses in foreign currency are recorded at the representative rate at the time of the transactions.
2. Assets and liabilities linked to the consumer price index are included according to the condition of linkage of the specific balances.
3. Linkage and exchange rate differences are recorded in the statement of operations when they occur.



**ADITYA ACQUISITION COMPANY LTD.**

**NOTES TO FINANCIAL STATEMENTS (NIS in thousands)**

**NOTE 2 - ACCOUNTING POLICIES (cont.)**

4. The consumer price index and exchange rate of the U.S. dollar ("dollar") and the changes during the financial statement year was as follows:

**C. Foreign currency and linkage (cont.):**

	<b>March 31,</b>	
	<b>2016</b>	<b>2015</b>
Consumer Price Index (points)	98.1	98.8
U.S. Dollar (NIS to the dollar)	3.766	3.98

	<b>Percentage change for the year ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Consumer Price Index	(1.01)	(1.3)
U.S. Dollar	(3.48)	2.34

**D. Cash and cash equivalents:**

Cash and Cash equivalents include cash on hand, short-term deposits in banks for periods not in excess of 3 months and whose use is not limited.

**E. Property and equipment:**

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value necessary in accordance with accounting Standard no. 15. Depreciation is calculated on the "Straight Line" basis, based on the estimated useful lives of the assets.

**F. Deferred tax:**

1. Deferred taxes are determined utilizing the asset and liability method based on the estimated future tax effects of temporary differences between the financial accounting and tax bases of assets and liabilities under the applicable tax laws.
2. Deferred tax balances are computed using the tax rates expected to be in effect when these differences reverse.
3. The Company recognizes deferred tax assets in respect of all the temporary differences that will result in deductible amounts in future years when future taxable income is expected to realize these differences.

**ADITYA ACQUISITION COMPANY LTD.**

**NOTES TO FINANCIAL STATEMENTS (NIS in thousands)**

**NOTE 3 - CASH AND CASH EQUIVALENTS:**

	<b>March 31,</b>	
	<b>2016</b>	<b>2015</b>
In New Israeli Shekels	385	165
In U.S. dollars	147	210
<b>Total</b>	<b>532</b>	<b>375</b>

**NOTE 4 - OTHER ACCOUNTS RECEIVABLE:**

	<b>March 31,</b>	
	<b>2016</b>	<b>2015</b>
Tax authorities	692	456
Prepaid expenses	82	18
Government authorities – V.A.T	3	-
Other receivables	1	128
<b>Total</b>	<b>778</b>	<b>602</b>

**NOTE 5 - PROPERTY AND EQUIPMENT:**

	<b>Electronic equipment</b>
<b>Cost:</b>	
<b>Balance, March 31, 2015</b>	31
Additions	19
Disposals	-
<b>Balance, March 31, 2016</b>	<b>50</b>
<b>Depreciation:</b>	
<b>Balance, March 31, 2015</b>	8
Additions	17
Disposals	-
<b>Balance, March 31, 2016</b>	<b>25</b>
<b>Depreciated cost to March 31, 2016</b>	<b>25</b>
<b>Depreciated cost to March 31, 2015</b>	<b>23</b>
<b>Rate of depreciation</b>	<b>33%</b>

**ADITYA ACQUISITION COMPANY LTD.**

**NOTES TO FINANCIAL STATEMENTS (NIS in thousands)**

**NOTE 6 - DEFERRED TAX ASSETES:**

Deferred tax is calculated on temporary differences under the liability method using the tax rate at the year the deferred tax assets are recovered.

The movement on the deferred tax account is as shown below:

	<b>March 31,</b>	
	<b>2016</b>	<b>2015</b>
<i>At 1 April</i>	174	67
Profit and loss charge	26	107
<i>At 31 March</i>	200	174

Deferred tax assets have been recognized in respect of all differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

**NOTE 7 - OTHER ACCOUNTS PAYABLE:**

	<b>March 31,</b>	
	<b>2016</b>	<b>2015</b>
Employee and salary related liabilities	1,423	1,343
Accrued expenses	1,666	530
Government authorities – V.A.T	-	9
<b>Total</b>	<b>3,089</b>	<b>1,882</b>

**NOTE 8 - LOANS FROM RELATED PARTY:**

In June 18, 2013 the Company signed a loan agreement with Alkaloida Chemical Company Zrt. (hereinafter "Alkaloida"). The loan bears interest at a fixed rate annually. During the year ended on March 31, 2016 the company repaid the rest of the loan.

**NOTE 9 - SHARE CAPITAL:**

**Composition:**

	<b>March 31, 2016 and 2015</b>	
	<b>Registered</b>	<b>Issued and outstanding</b>
Ordinary Shares, NIS 0.01 par value each	10,000,000	100

**ADITYA ACQUISITION COMPANY LTD.**

**NOTES TO FINANCIAL STATEMENTS (NIS in thousands)**

**NOTE 10 - COST OF SERVICES:**

	<b>For the year ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Salaries and related expenses	10,640	8,433
Foreign travel	1,930	1,692
Others	500	678
<b>Total</b>	<b>13,070</b>	<b>10,803</b>

**NOTE 11 - FINANCIAL EXPENSE (INCOME), NET:**

	<b>For the year ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Net foreign exchange Loss (gain)	(2)	87
Bank fees	20	14
Interest expenses on related party loan	2	38
<b>Total</b>	<b>20</b>	<b>139</b>

**NOTE 12 - TAX EXPENSES:**

**A. Tax rates:**

On August 5, 2013, the Law for Change of National Priorities (Legislative Amendments for Achieving the Budgetary Goals for 2013-2014), 2013 (hereinafter - the "Law") was published in Reshumot (the Israeli government official gazette), which enacts, among other things, the Raising of the corporate tax rate to 26.5% (instead of 25%) beginning in 2014 and thereafter.

The Law for the Amendment to the Income Tax Ordinance, New Version, 1961 (hereafter – "the Ordinance") (Amendment 216 to the Ordinance) (hereafter – "the amendment") was published in the official gazette in January 2016; the said law stipulated the reduction of the rate of corporate tax from 26.5% to 25% commencing January 1, 2016.

B. The Company hasn't been assessed by the ITA (Israeli Tax Authorities) since inception.