

ADITYA ACQUISITION COMPANY LTD.
FINANCIAL STATEMENTS AS OF
MARCH 31, 2018

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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 sheets of Aditya Acquisition Company Ltd, (the "Company") as of March 31, 2018 and 2017 and the related statements 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, 2018 and 2017 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).

Tel-Aviv, Israel
May 5, 2018

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

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

	Note	As at March 31,	
		2018	2017
CURRENT ASSETS:			
Cash and cash equivalents	3	1,360	1,886
Unbilled receivables		-	179
Other accounts receivables	4	128	338
		<u>1,488</u>	<u>2,403</u>
Property and equipment	5	6	19
Deferred tax assets	6	121	214
		<u>1,615</u>	<u>2,636</u>
CURRENT LIABILITIES:			
Accounts payable		47	91
Deferred income		100	-
Other accounts payable	7	823	2,208
		<u>970</u>	<u>2,299</u>
SHAREHOLDERS' EQUITY:			
Share capital	9	*	*
Retained earnings		337	9
Net profit		308	328
		<u>645</u>	<u>337</u>
		<u>1,615</u>	<u>2,636</u>

(*) less than 1K NIS.

Sudhir Valia
Director

May 5, 2018
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)

	Note	For the year ended	
		March 31,	
		2018	2017
Revenues		7,830	10,355
Cost of Services	10	(7,356)	(9,768)
Profit from operations		474	587
Financial expenses, net	11	73	133
Profit before income tax		401	454
Income tax expenses	12	93	126
Net profit		308	328

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>Retained earnings</u>	<u>Total</u>
Balance as of April 1, 2016	*	9	9
Changes during the year ended March 31, 2017 :			
Net profit	<u>-</u>	<u>328</u>	<u>328</u>
Balance at March 31, 2017	*	337	337
Changes during the year ended March 31, 2018 :			
Net profit	<u>-</u>	<u>308</u>	<u>308</u>
Balance at March 31, 2018	<u>*</u>	<u>645</u>	<u>645</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)**

	For the year ended March 31,	
	2018	2017
<u>Cash flows from operating activities:</u>		
Net profit	308	328
Adjustments for:		
Depreciation	13	16
Income tax expense	93	126
Changes in operating assets and liabilities:		
Decrease in Unbilled receivable	179	1,524
Decrease in other account receivable	49	23
Decrease in accounts payable	(44)	(49)
Increase in deferred income	100	-
Decrease in other accounts payable	(1,385)	(881)
Income tax received (paid)	161	277
Net cash provided by operating activities	<u>(526)</u>	<u>1,364</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	-	(10)
Net cash used in investing activities	-	(10)
Increase (decrease) in cash and cash equivalents	(526)	1,354
Cash and cash equivalents at beginning of period	1,886	532
Cash and cash equivalents at end of period	<u>1,360</u>	<u>1,886</u>

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.
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:

ADITYA ACQUISITION COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS (NIS in thousands)

NOTE 2 - ACCOUNTING POLICIES (cont.)

C. Foreign currency and linkage (cont.):

	As at March 31,	
	2018	2017
Consumer Price Index (points)	100.3	100.1
U.S. Dollar (NIS to the dollar)	3.514	3.632

	Percentage change for the year ended March 31,	
	2018	2017
Consumer Price Index	(0.10)	0.10
U.S. Dollar	1.36	(3.56)

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:

	As at March 31,	
	2018	2017
In New Israeli Shekels	565	100
In U.S. dollars	795	1,786
Total	1,360	1,886

NOTE 4 - OTHER ACCOUNTS RECEIVABLE:

	As at March 31,	
	2018	2017
Tax authorities	115	276
Prepaid expenses	-	55
Government authorities – V.A.T	13	7
Total	128	338

NOTE 5 - PROPERTY AND EQUIPMENT:

	Electronic equipment
Cost:	
Balance, March 31, 2017	60
Additions	-
Disposals	-
Balance, March 31, 2018	60
Depreciation:	
Balance, March 31, 2017	41
Additions	13
Disposals	-
Balance, March 31, 2018	54
Depreciated cost to March 31, 2018	6
Depreciated cost to March 31, 2017	19
Rate of depreciation	33%

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:

	As at March 31,	
	2018	2017
<i>At 1 April</i>	214	200
Profit and loss charge	93	14
<i>At 31 March</i>	121	214

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:

	As at March 31,	
	2018	2017
Employee and salary related liabilities	448	1,344
Accrued expenses	375	864
Total	823	2,208

NOTE 8 - SHARE CAPITAL:

Composition:

	March 31, 2018 and 2017	
	Registered	Issued and outstanding
Ordinary Shares, NIS 0.01 par value each	10,000,000	100

NOTE 9 - COST OF SERVICES:

	For the year ended March 31,	
	2018	2017
Salaries and related expenses	6,308	7,912
Foreign travel	589	1,380
Others	459	476
Total	7,356	9,768

ADITYA ACQUISITION COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS (NIS in thousands)

NOTE 10 - FINANCIAL EXPENSE (INCOME), NET:

	For the year ended	
	March 31,	
	2018	2017
Net foreign exchange Loss (gain)	61	119
Bank fees	12	14
Total	73	133

NOTE 11 - TAX EXPENSES:

A. Tax rates:

The company tax rate in 2017 is - 24% (2016 – 25%).

On December 29, 2016, the Law Economic Efficiency (Legislative Amendments for Achieving the Budgetary Goals for 2017-2018) was published in Reshumot (the Israeli government official gazette), which enacts, among other things, the following amendment:

- Decreasing the corporate tax rate to 24% in 2017 and to 23% in 2018 and thereafter (instead of 25%).

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