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Management Report for fiscal year 2017-18

We are happy to present our Management report and the financial statements for the financial year ended March 31, 2018.

Financial results

US $

Particulars	2017-18	2016-17
Sales Income	16,976,283	15,006,097
Cost of Goods Sold	14,611,547	13,325,374
Gross Operating Profit	2,364,736	1,680,723
Salaries / Selling Expenses	1,626,291	1,615,071
Income/ (Loss) from operations	738,445	65,652
Deferred Taxes Utilization/ (Asset)	551,869	89,135
Net Profit/ (Loss)	186,576	(23,483)
Retained Deficit/ carry forward Loss	2,637,904	2,824,480

During the fiscal year, the company's sales income grew by over 13% to $ 16,976,283. Operating profit for the year amounted to $ 2,364,736 as against an operating profit of $ 1,680,723 for the last year. Net profit before tax came to $ 738,445 as against a net profit before tax of $ 65,652 for the last year. Deferred taxes for the year amounted to $ 551,869 as against $ 89,135 during the previous year. We made a Net profit after tax of $ 186,576 for the year as against the loss of $ 23,483 for last year.

Emphasis of Matter

Your company has been earning profits and has repaid all the loans borrowed from the parent company. Accumulated losses as of March 31, 2018 amounted to $ 2,637,904 and the auditors have, without qualifying the audit report, observed that the subsidiaries have suffered recurring losses, lack sufficient liquidity to continue operations as a going-concern, and that the ability of the company to continue as a going concern is dependent upon the temporary funding from the parent company and successful realization of their business plans.

In view of the traction in business and profitable operations for the last few years as well as planned growth of nutraceutical business and the support from the parent, the company is confident of continuing profitability.

Market and Outlook

Carotenoid market is expected to reach nearly $2 billion by 2022, constituting one of the most important ingredient component for food, feed and supplements. Divi's Nutraceuticals has been supplying full range of carotenoids and market targeted vitamins to the nutritional, pharmaceutical, food/beverage and feed industries and has established itself as a reliable source for the supply of carotenoids and vitamins to these end users.

Unusual Items after the financial year

No item, transaction or event of the material nature has arisen during the period between the end of the financial year and the date of this report which would affect substantially the operations of the company during the current year.

Responsibility Statement

In the opinion of the management, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the company as on March 31, 2018 and of the results of the business for the period. The Management have taken all reasonable steps to prepare these financial statements on a going concern basis and the suitable accounting policies have been adopted consistently. Further, with expansion of the Nutra facility and the support of the parent organization and the ongoing efforts in qualification of the products by several strategic customers, the company is expected to grow its business and commence profitable operations.

L.Kishore Babu Treasurer & Secretary	Satya Prakash Divi Director	L. Ramesh Babu Director

Independent Auditors' Report

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants
155 North Dean Street
Suite 5, Englewood, New Jersey 07631
Ph. : 201-567-4100
Fax : 201-567-3461

To the Stockholders of
Divis Laboratories (USA), Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Divis Laboratories (USA), Inc. (a New Jersey corporation), which are comprised of the balance sheets as of March 31, 2018 and 2017, and the related statements of income, expense, and accumulated deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Divis Laboratories USA, Inc. as of March 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Entity will continue as a going concern. As discussed in Note 3 to the financial statements, the Entity has suffered recurring losses from operations up until March 31, 2013; the Entity lacks sufficient liquidity to continue operations. Those conditions raise substantial doubt about its ability to continue as a going concern at March 31, 2018. Management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncetainty. Our opinion is not modified with respect to that matter.

Englewood, New Jersey
May 7, 2018

Balance Sheets
March 31, 2018 and 2017

US $

Particulars	31st March, 2018	31st March, 2017
ASSETS		
CURRENT ASSETS :		
Cash and equivalents	1,055,908	$ 872,144
Accounts receivable, net of allowance for doubtful accounts of $0	4,393,451	3,358,492
Inventory	5,450,907	6,628,506
Other current assets	6,984	6,984
Total Current Assets	10,907,250	10,866,126
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $87,617 and $80,872 respectively	18,917	23,888
OTHER ASSETS :		
Deferred taxes	424,010	975,879
Security deposits	16,783	16,783
Total Other Assets	440,793	992,662
Total Assets	11,366,960	11,882,676
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES :		
Accounts payable	13,418,716	14,112,819
Accrued expenses	36,148	44,337
Total Current Liabilities	13,454,864	14,157,156
STOCKHOLDERS' EQUITY :		
Common stock, $.01 par value, 3,000 shares authorized, 2,000 shares issued and outstanding	20	20
Capital in excess of par value	549,980	549,980
Accumulated deficit	(2,637,904)	(2,824,480)
Total Stockholders' Deficit	(2,087,904)	(2,274,480)
Total Liabilities and Stockholders' Equity	11,366,960	11,882,676

The accompanying notes are an integral part of these financial statements.

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

Statements of Income, Expense and Accumulated Deficit
For the Years Ended March 31, 2018 and 2017

US $

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
SALES	16,976,283	15,006,097
COST OF GOODS SOLD :		
Product costs, net	14,225,527	12,822,320
Freight expense	197,279	289,343
Warehouse expense	118,655	127,308
Commissions	70,086	86,403
Total Cost of Goods Sold	14,611,547	13,325,374
GROSS PROFIT	2,364,736	1,680,723
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES :		
Salaries - officers	242,596	298,596
Salaries - other	525,122	488,033
Travel and entertainment	178,436	174,549
Employee benefits	115,470	103,673
Rent	97,603	102,019
Advertising	89,302	102,351
Office and postage	92,736	107,072
Payroll taxes	58,609	54,262
Professional fees	49,763	53,291
Interest	47,130	-
Insurance	39,192	41,877
Telephone	28,178	25,335
Pension	23,032	22,515
Auto	22,999	23,626
Depreciation	6,745	7,897
Miscellaneous	6,128	7,975
Contributions	3,250	2,000
Total Selling, General, and Administrative Expenses	1,626,291	1,615,071
INCOME FROM OPERATIONS	738,445	65,652
DEFERRED INCOME TAXES	551,869	89,135
NET INCOME (LOSS)	186,576	(23,483)
ACCUMULATED DEFICIT, Beginning of Year	(2,824,480)	(2,800,997)
ACCUMULATED DEFICIT, End of Year	(2,637,904)	(2,824,480)

The accompanying notes are an integral part of these financial statements.

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

Statements of Cash Flows
For the Years Ended March 31, 2018 and 2017

US $

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
CASH FLOWS FROM OPERATING ACTIVITES :		
Net income (loss)	186,576	(23,483)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	6,745	7,897
Change in accounts receivable	(1,034,959)	(447,614)
Change in inventory	1,177,599	(765,950)
Change in other current assets	-	1,099
Change in deferred taxes	551,869	89,135
Change in accounts payable	(694,103)	2,975,671
Change in accrued expenses	(8,189)	6,579
Net Cash Provided by Operating Activities	185,538	1,843,334
CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,774)	(12,354)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Repayment of loan to Parent Company	-	(1,303,107)
NET CHANGE IN CASH AND EQUIVALENTS	183,764	527,873
CASH AND EQUIVALENTS, Beginning of Year	872,144	344,271
CASH AND EQUIVALENTS, End of Year	1,055,908	872,144

The accompanying notes are an integral part of these financial statements.

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

Notes to Financial Statements
March 31, 2018 and 2017

NOTE 1 - NATURE OF BUSINESS :

Divis Laboratories USA, Inc. was formed as a Delaware corporation in December 2005, and later registered to do business in New Jersey on February 1,2006. Divis Laboratories USA, Inc. (the "Company") is a 100% owned subsidiary of Divi's Laboratories Ltd. (India) ("Parent Company") and was formed to distribute dietary supplements and pharmaceutical ingredients in North America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

Basis of Accounting

The accompanying financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs, collections, and current credit conditions. Management determined that an allowance for doubtful accounts was not required at March 31,2018 and 2017.

Inventory

The Company's inventory consists primarily of dietary supplements, which are considered finished products and goods. This inventory is determined on a weighted average basis.

Property and Equipment

Property and equipment are stated at cost at date of purchase. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statements and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The differences relate principally to net operating losses being carried forward to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company adopted Financial Accounting Standards Board ('FASB") ASC 740-10-50-15, Accounting for Uncertainty in Income Taxes on January 1, 2009, and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Company has not recognized any benefits from uncertain tax positions in 2018 or 2017 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheets date.

The determination of uncertain tax positions in the accompanying financial statements uses the tax judgments as reported on the Company's tax returns which are based on the requirements for filing the returns. These filings may be subject to amendment or change during an examination by the various taxing authorities, which has not been considered in the determination of the Company's tax assets or liabilities included in the accompanying financial statements.

The Company recorded a deferred tax asset as a result of cumulative net operating losses. The total net operating losses available at March 31, 2018 approximated $1,769,985 for federal purposes and $581,248 for state purposes and can be carried forward to offset future taxable income. $414,270 of the state net operating losses expired as of March 31, 2017.

Shipping and Handling Costs

The Company recorded shipping and handling costs as a component of cost of sales.

Advertising

The Company recognizes advertising costs as they are incurred. Advertising expense for the years ending March 31, 2018 and 2017 was $89,302 and $102,351, respectively.

Cash and Equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company has adopted the indirect method of presenting the statements of cash flows.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ significantly from those estimates.

Open Tax Years

The Company's Forms 1120, *U.S. Corporation Income Tax Return*, for the years ending March 31,2015, 2016, 2017, and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - GOING CONCERN :

As shown in the accompanying financial statements, the Company had income from operations of $738,445 for the year ending March 31, 2018. However, as of March 31, 2018 the Company's current liabilities exceed current assets by $2,547,614 and the Company had a total accumulated deficit of $2,637,904. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company has relied solely on the support of its Parent Company and its affiliates for financing the Company from its inception through March 31,2018. Management expects that the support from the Parent Company will continue as the Company is profitable. Management's plans to achieve profitability include the continued development of current and new sales bases and the introduction of new, more profitable products in its current markets.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Company be unable to continue in existence. Continuation of the Company as a going concern is dependent upon the continued support from the Parent Company and its affiliates and achieving profitable operations. There are no assurances that the Company will become profitable; however, the Parent Company is committed to continuing their financial support.

NOTE 4 - RELATED PARTIES :

The Company has received loans from the Parent Company for the purpose of funding operating expenses. Durint the year ending March 31, 2011, the Company and the Parent Company agreed not to charge interest on these loans payable going forward. However, due to a Supreme Court ruling the Parent Company did begin to charge interest on the loan again during fiscal year ended March 31, 2017. These loans are due on demand; however, the Parent Company will decide on calling these loans based on the profitability of the subsidiary and cash flow requirements, without affecting support to the Company. The loan was paid off during the fiscal year ended March 31, 2017. Interest expense was $47,130 and $0 for the year ended March 31, 2018 and 2017, respectively.

The Company purchases substantially its entire inventory from the Parent Company or subsidiaries of the Parent Company. During the years ended March 31, 2018 and 2017, the Company purchased $12,639,205 and $13,217,645 of inventory from its Parent Company or the Parent Company's subsidiaries, respectively.

At March 31,2018 and 2017, the Company had accounts payable related to the purchase of inventory of $13,170,448 and $13,956,321, respectively.

NOTE 5 - PENSION PLAN :

On January 1, 2006, the Company established a Simple IRA plan which covers all eligible employees. The Company is obligated to make matching contributions to a maximum 3% of compensation. On January 21, 2014, the Company established a 401 (K) plan to replace the original Simple IRA plan. The plan covers all eligible employees. The Company is obligated to contribute 3% of all eligible participant's compensation. Pension expense was $23,032 and $22,515 for the years ended March 31, 2018 and 2017, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT :

Property and equipment consisted of the following :

March 31, 2018	Cost	Accumulated Depreciation	Net Fair Value
Computer equipment	$ 63,236	$ 48,580	$ 14,656
Equipment	12,906	12,736	170
Furniture and fixtures	30,392	26,301	4,091
Total	$ 106,534	$ 87,617	$ 18,917

March 31, 2017	Cost	Accumulated Depreciation	Net Fair Value
Computer equipment	$ 59,849	$ 43,763	$ 16,086
Equipment	14,519	12,307	2,212
Furniture and fixtures	30,392	24,802	5,590
Total	$ 104,760	$ 80,872	$ 23,888

Total depreciation expense for the years ended March 31, 2018 and 2017 was $6,745 and $7,897 respectively.

NOTE 7 - CONCENTRATIONS :

The Company purchases substantially its entire product from its Parent Company and the Parent Company's subsidiaries. At March 31, 2018 and 2017, substantially all of the accounts payable was payable to the Parent Company and its subsidiaries.

NOTE 8 - CONCENTRATION OF CREDIT RISK :

The Company maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation up to $250,000. The balances, at times, may exceed federally insured limits.

NOTE 9 - COMMITMENTS AND CONTINGENCIES :

The Company leases premises in Florham Park, New Jersey for its office. The lease will expire on April 30, 2020. The Company leases an apartment in Morristown, New Jersey for the use of its employees, Parent company, and guests. The lease will expire on June 24, 2019.

The Company entered into operating lease agreements for two vehicles expiring on July 20, 2018 and January 5, 2020.

Future minimum lease payments are as follows :

	Office	Apartment	Vehicles	Total
2019	52,304	50,508	7,744	110,556
2020	52,304	8,434	4,313	65,051
2021	4,359	-	-	4,359
Total	$ 108,967	$ 58,942	$ 12,057	$ 179,966

Rent expense for the years ending March 31, 2018 and 2017 was $97,603 and $102,019, respectively. Vehicle lease expense amounted to $21,779 and $22,218 for the years ended March 31, 2018 and 2017 respectively.

The Company has agreements with several of its employees which provide for, among other things, base salaries and benefits such as health insurance and pension matching. Each employment agreement includes a confidentiality clause pertaining to any internal, nonpublic trade information.

NOTE 10 - SUBSEQUENT EVENTS :

Subsequent events have been evaluated through May 7, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position date and through the date the financial statements were available to be issued that would require adjustment to or disclosure in the accompanying financial statements.

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Management Report for fiscal year 2017-18

The Directors present their report and the financial statement for the business year ended March 31, 2018.

Financial results

CHF

Particulars	2017-18	2016-17
Sales Income	**17,161,393**	16,523,639
Cost of Goods Sold	**14,277,564**	14,026,469
Operating Profit	**2,883,829**	2,497,170
Salaries / Selling Expenses	**1,778,299**	1,293,163
Exchange (Loss)/Gain	**(90,912)**	(82,553)
Net (Loss))/Gain	**1,014,618**	1,121,454
Retained Deficit/carry forward Loss	**868,446**	1,883,064

During the fiscal year, the company's sales income grew by over 4% compared to the last fiscal year. We made an operating profit of CHF 2,883,829 this year as against an operating profit of CHF 2,497,170 during last year. However, net gain for the year amounted to CHF 1,014,618 as against a net gain of CHF 1,121,455 during the last year.

Your company has repaid loan to the parent of an extent of CHF 1,700,000 during the year leaving a balance at CHF 2,000,000.

Emphasis of Matter

Accumulated losses as of March 31, 2018 amounted to CHF 868,446 and the auditors have commented about a material uncertainty that may cause significant doubt about the ability of the company to continue as a going concern in case the temporary funding by the shareholder and the successful realization of the business plan cannot be ensured, without support of parent. With the strong financials of our parent and its continuing support and appropriate product pricing as well as the niche market opportunities ahead for our Nutra application forms, we are confident of improved operations.

Market and Outlook

Carotenoid market is expected to reach nearly $2billion by 2022, constituting one of the most important ingredient families for food, feed and supplements. Divi's Nutraceuticals has been supplying full range of carotenoids and market targeted vitamins to the nutritional, pharmaceutical, food/beverage and feed industries and has established itself as a reliable source for the supply of carotenoids and vitamins to these end users.

Directors

Mr. L. Kishore Babu and Mr. Franz Probst continue as Directors of the company.

Unusual Items after the financial year

No item, transaction or event of the material nature has arisen during the period between the end of the financial year and the date of this report, which would affect substantially the operations of the company during the current year.

Responsibility Statement

In the opinion of the Directors and Managers, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the company as on March 31, 2018 and of the results of the business for the period. Directors and Managers have taken all reasonable steps to prepare these financial statements on a going concern basis and the suitable accounting policies have been adopted consistently. Further, with expansion of the Nutra facility and the support of the parent organization and the ongoing efforts in qualification of the products by several strategic customers, the company is expected to grow its business and commence profitable operations.

L. Kishore Babu
Director

L. Ramesh Babu
Manager

Report of the Independent Auditor 2017/18

SCHWEIZERISCHE REVISIONSGESELLSCHAFT

Report of the independent auditors on the financial statements to the Board of Directors of Divi's Laboratories Europe AG, Basle

As independent auditors and in accordance with your instructions, we have audited the accompanying financial statements of Divi's Laboratories Europe AG, which comprise the balance sheet, income statement and notes for the year ended 31 March 2018.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2018 comply with Swiss law and the company's articles of incorporation.

Emphasis of matter

Without qualifying our examination conclusion, we draw attention to note 11 in the notes to the financial statements describing a material uncertainty that may cause significant doubt about the ability of Divi's Laboratories Europe AG to continue as a going concern in case the temporarily future funding by the shareholder and the successful realization of the business plan can not be ensured. Should there be no furture funding by the shareholder or should the business plan not be realized as planned,the company's liquidity position and, in the worst case, its ability to continue as a going concern, might become impaired, and the financial statements would have to be prepared on liquidation values. In this case, the over-indebtedness would increase and subordinated loans might not be sufficient anymore to avoid the consequences of Art. 725 para 2 of the Swiss Code of Obligations (Co, Company Law). Therefore, the relevant provisions would have to be complied with.

We further state that the company is over-indebted as per art. 725 para. 2 CO. As the shareholder has subordinated his claims of CHF 1'000'000 as of 31 March 2018, the board of directors has refrained from notifying the court.

CH-Basel, 4 May 2018

SRG Schweizerische Revisionsgesellschaft AG

Philipp Aebin	**Hugo Huber**
Licensed audit expert	Licensed audit expert
Auditor in charge	

Balance Sheet

Particulars	31st March, 2018 CHF	31st March, 2017 CHF
ASSETS		
Cash	2’057’411.12	1’016’109.10
A/R Trade/Other	3’102’569.67	2’685’559.45
A/R Intercompany Divi’s Lab Ltd	3’618.45	-
A/R Intercompany Divis USA	624’831.58	2’140’229.29
Prepaid Expenses & Deposits	488’947.32	344’750.76
Inventories	5’832’283.13	6’180’691.42
Total Current Assets	12’109’661.27	12’367’340.02
Fixed Assets	60’496.55	58’223.40
Less : Accumulated Depreciation	(34’215.06)	(29’729.15)
Setting-up costs	14’325.70	14’325.70
Less : Setting-up costs written-off	(14’325.70)	(14’325.70)
Fixed Assets, net	26’281.49	28’494.25
Total Assets	**12’135’942.76**	**12’395’834.27**
LIABILITIES & EQUITY		
A/P Trade/Other	751’368.46	598’993.56
A/P Intercompany Divi’s Lab Ltd. USA	100’752.71	77’572.21
A/P Intercompany Divi’s Lab Ltd. India	10’703’123.79	10’578’658.87
Accruals	449’144.08	23’673.57
Short-term Current Liabilities	12’004’389.04	11’278’898.21
Subordinated A/P Intercompany Divi’s Lab. Ltd. India	1’000’000.00	3’000’000.00
Long-term Current Liabilities	1’000’000.00	3’000’000.00
Total Current Liabilities	13’004’389.04	14’278’898.21
Capital	100’000.00	100’000.00
Retained Losses	(1’983’063.94)	(3’104’518.41)
Net Gain	1’014’617.66	1’121’454.47
Stockholders’ Equity	(868’446.28)	(1’883’063.94)
Total Liabilities & Equity	**12’135’942.76**	**12’395’834.27**

Statement of Income

Particulars	1.4.17 - 31.3.18 CHF	1.4.16 - 31.3.17 CHF
Sales	17’575’100.37	17’076’502.60
Carriage and freight outward	(413’707.69)	(552’863.29)
Sales	17’161’392.68	16’523’639.31
Material costs and stock adjustments	14’277’564.00	14’026’469.41
Material costs	14’277’564.00	14’026’469.41
Production Profit	**2’883’828.68**	**2’497’169.90**
Personnel	533’343.02	446’320.14
Recruiting, Travel & Memberships	45’319.86	38’971.60
Outside Services	69’475.46	218’508.50
Marketing & Promotional	214’776.94	377’933.42
R&M, Utilities, Insurance	182’011.38	191’449.52
Depreciation	4’485.91	4’954.98
Expenses	1’049’412.57	1’278’138.16
Operating Gain	**1’834’416.11**	**1’219’031.74**
Currency Differences	(90’912.14)	(82’553.27)
Misc Income	1’007.50	901.00
Interest Expenses	(315’893.81)	-
Property and income taxes	(414’000.00)	(15’925.00)
Net Gain	**1’014’617.66**	**1’121’454.47**

Notes

Particulars			1.4.17 - 31.3.18 CHF	1.4.16 - 31.3.17 CHF
1. The financial statements of Divi's Laboratories Europe AG have been prepared in accordance with the provisions of swisss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).				
2. Contingent Liabilities			-	-
3. Disputed claims			-	-
4. Undisputed claims			-	-
5. Debts not acknowledged as debts			-	-
6. Start-up expenses have been amortised and charged-off in the year of incurrence			n.a.	n.a.
7. Leasing Liabilities (Car)				14'870.14
Liabilities due long-term rental contract (Office)				61'600.00
8. Accounts payable Pension Fund				-
9. Calculation of Current Tax and Deferred Tax Liabilities				
Income tax	Rate			
Federal & Communal	22.18%	1'345'617.66	298'000.00	-
Withholding tax			108'000.00	
Capital Tax	0.525%	100'000.00	8'000.00	6'000.00

10. Depreciation is charged at the following rates :
    a) Assets valuing individually not more than CHF 150 have been written-off 100%
    b) Furniture & Fixtures - 6.33% on Straight Line Method proportionate from purchase date
    c) Computers/peripherals - 16.21 % on Straight Line Method proportionate from purchase date
    d) Other Equipment - 4.75% on Straight Line Method proportionate from purchase date
11. Explanation of the board of directors with regard to the business and the going concern of the company:

    These financial statements were prepared on a going concern basis with the Company's board of directors belives to be appropriate, in spite of the significant losses suffered in prior years. The board of directors took the following actions:

    - elaboration of business plans and cash budget in which continued profitability is expected in the subsequent periods
    - conclusion of new sales agreements in accordance with the business plan
    - market penetration via distribution has been decided and implemented
    - interim funding by the shareholder in order to enable and finance the sales to Divi's Lab Ltd., USA

    The board of directors is convinced of the success of the actions taken and the business. However, should these remedial actions not be successful, this will have a material effect upon the Company and could likely result in an inability to continue as a going concern.

    The Company is over-indebted as of 31 March 2018. As the shareholder, Divi's Lab. Ltd., India has subordinated his claims of CHF 1'000'000. - to the claims of other creditors, the board of directors according to article 725 para 2 of the Swiss Code of Obligation (CO, Company Law) renounced to inform the judge.
12. The annual average number of full-time equivalents for 2017/18 and 2016/17 did not exceed ten employees.
13. There are no further items to be disclosed according to article 959c SCO.