

Subsidiary Companies Financials, 2018-19



Divi's Laboratories Limited

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Divis Laboratories (USA) Inc.

Management Report for fiscal year 2018-19

We are happy to present our Management report and the financial statements for the financial year ended March 31, 2019.

Financial results

US \$

Particulars	2018-19	2017-18
Sales Income	23,338,116	16,976,283
Cost of Goods Sold	18,648,524	14,611,547
Gross Operating Profit	4,689,592	2,364,736
Salaries / Selling Expenses	1,746,527	1,626,291
Income/ (Loss) from operations	2,943,065	738,445
Deferred Tax	424,010	551,869
Current Income tax	425,985	-
Net Profit/ (Loss)	2,093,070	186,576
Accumulated Deficit / carry forward (Loss)	(544,834)	(2,637,904)

During the fiscal year, the company's sales income grew by over 37% by to \$23,338,116 as against \$16,976,283 last year. Operating profit for the year amounted to \$ 4,689,592 as against \$ 2,364,736 for the last year. Net profit before tax came to \$ 2,943,065 as against \$ 738,445 for the last year. Deferred taxes for the year amounted to \$ 424,010 as against \$ 551,869 during the previous year. We made a Net profit after tax of \$ 2,093,070 for the year as against \$ 186,576 for the last year.

As your company has been earning profit for the last two years, Accumulated losses as of March 31, 2019 have reduced to \$ 544,834 as against \$2,637,904 as at the end of last Year.

In view of 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 profitable operations going forward.

Market and Outlook

The global market for Carotenoids is estimated to reach \$2.0 billion by 2022. 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, 2019 and of the results of the business for the period. The Management has taken all reasonable steps to prepare these financial statements on a going concern basis and the suitable accounting policies have been adopted consistently.

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 is comprised of the balance sheets as of March 31, 2019 and 2018, 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, 2019 and 2018, 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.

Englewood, New Jersey
May 2, 2019

Balance Sheets

March 31, 2019 and 2018

US \$

Particulars	31 st March, 2019	31 st March, 2018
ASSETS		
CURRENT ASSETS :		
Cash and equivalents	816,477	1,055,908
Accounts receivable, net of allowance for doubtful accounts of \$0	5,576,267	4,393,451
Inventory	6,641,410	5,450,907
Other current assets	7,660	6,984
Total Current Assets	<u>13,041,814</u>	<u>10,907,250</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$93,551 and \$87,617 respectively	19,480	18,917
OTHER ASSETS :		
Deferred taxes	-	424,010
Security deposits	16,783	16,783
Total Other Assets	<u>16,783</u>	<u>440,793</u>
Total Assets	<u>13,078,077</u>	<u>11,366,960</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES :		
Accounts payable	12,605,368	13,418,716
Income taxes payable	425,985	-
Accrued expenses	41,558	36,148
Total Current Liabilities	<u>13,072,911</u>	<u>13,454,864</u>
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	(544,834)	(2,637,904)
Total Stockholders' Equity (Deficit)	<u>5,166</u>	<u>(2,087,904)</u>
Total Liabilities and Stockholders' Equity	<u>13,078,077</u>	<u>11,366,960</u>

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, 2019 and 2018

US \$

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
SALES	23,338,116	16,976,283
COST OF GOODS SOLD :		
Product costs, net	18,190,353	14,225,527
Freight expense	251,590	197,279
Warehouse expense	126,936	118,655
Commissions	79,645	70,086
Total Cost of Goods Sold	18,648,524	14,611,547
GROSS PROFIT	4,689,592	2,364,736
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES :		
Salaries - other	563,839	525,122
Salaries - officers	250,929	242,596
Travel and entertainment	195,060	178,436
Employee benefits	124,111	115,470
Rent	109,459	97,603
Advertising	102,136	89,302
Office and postage	96,498	92,736
Interest	71,174	47,130
Payroll taxes	62,588	58,609
Professional fees	52,301	49,763
Auto	26,935	22,999
Insurance	26,209	39,192
Telephone	26,178	28,178
Pension	25,150	23,032
Depreciation	5,934	6,745
Miscellaneous	4,026	6,128
Contributions	4,000	3,250
Total Selling, General, and Administrative Expenses	1,746,527	1,626,291
INCOME BEFORE TAXES	2,943,065	738,445
INCOME TAXES		
DEFERRED INCOME TAXES	424,010	551,869
CURRENT INCOME TAXES	425,985	-
TOTAL INCOME TAXES	849,995	551,869
NET INCOME	2,093,070	186,576
ACCUMULATED DEFICIT, Beginning of Year	(2,637,904)	(2,824,480)
ACCUMULATED DEFICIT, End of Year	(544,834)	(2,637,904)

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, 2019 and 2018

US \$

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net income	2,093,070	186,576
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	5,934	6,745
Change in accounts receivable	(1,182,816)	(1,034,959)
Change in inventory	(1,190,503)	1,177,599
Change in other current assets	(676)	-
Change in deferred taxes	424,010	551,869
Change in accounts payable	(813,348)	(694,103)
Income taxes payable	425,985	-
Change in accrued expenses	5,410	(8,189)
Net Cash Provided by (used in) Operating Activities	<u>(232,934)</u>	<u>185,538</u>
CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	<u>(6,497)</u>	<u>(1,774)</u>
NET CHANGE IN CASH AND EQUIVALENTS	(239,431)	183,764
CASH AND EQUIVALENTS, Beginning of Year	1,055,908	872,144
CASH AND EQUIVALENTS, End of Year	<u>816,477</u>	<u>1,055,908</u>

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, 2019 and 2018

NOTE 1 - NATURE OF BUSINESS :

Divis Laboratories (USA)s, 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 31,2019 and 2018.

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 2019 or 2018 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.

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, 2019 and 2018 was \$102,136 and \$89,302, 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

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Open Tax Years

The Company's Forms 1120, *U.S. Corporation Income Tax Return*, for the years ending March 31, 2016, 2017, 2018, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - PROPERTY AND EQUIPMENT :

Property and equipment consisted of the following :

<u>March 31, 2019</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Fair Value</u>
Computer equipment	\$ 65,869	\$ 52,962	\$ 12,907
Equipment	13,538	12,980	558
Furniture and fixtures	33,624	27,609	6,015
Total	<u>\$ 113,031</u>	<u>\$ 93,551</u>	<u>\$ 19,480</u>

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

Total depreciation expense for the years ended March 31, 2019 and 2018 was \$5,934 and \$6,745 respectively.

NOTE 4 - 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 \$25,150 and \$23,032 for the years ended March 31, 2019 and 2018, respectively.

NOTE 5 - 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. One is due to expire January 3, 2020 and one is due to expire April 30, 2021.

Future minimum lease payments are as follows :

	<u>Office</u>	<u>Apartment</u>	<u>Vehicles</u>	<u>Total</u>
2020	\$ 52,304	\$ 6,868	\$ 13,373	\$ 72,545
2021	4,359	-	8,100	12,459
Total	<u>\$ 56,663</u>	<u>\$ 6,868</u>	<u>\$ 21,473</u>	<u>\$ 85,004</u>

Rent expense for the years ending March 31, 2019 and 2018 was \$109,459 and \$97,603, respectively. Vehicle lease expense amounted to \$26,795 and \$21,779 for the years ended March 31, 2019 and 2018 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 6 - RELATED PARTIES :

The Company purchases substantially its entire inventory from the Parent Company or subsidiaries of the Parent Company. During the years ended March 31, 2019 and 2018, the Company purchased \$19,105,290 and \$12,639,205 of inventory from its Parent Company or the Parent Company's subsidiaries, respectively.

As of March 31, 2019 and 2018, the Company had accounts payable related to the purchase of inventory of \$12,568,591 and \$13,170,448, respectively. The Parent Company had charged interest on amounts payable and outstanding. Interest expense was \$71,174 and \$47,130 for the year ended March 31, 2019 and 2018, respectively.

NOTE 7 - CONCENTRATIONS :

The Company purchases substantially its entire product from its Parent Company and the Parent Company's subsidiaries. At March 31, 2019 and 2018, 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 - SUBSEQUENT EVENTS :

Subsequent events have been evaluated through May 2, 2019, 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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Divi's Laboratories Europe AG

Management Report for fiscal year 2018-19

The Directors present their report and the financial statement for the business year ended March 31, 2019.

Financial results

CHF

Particulars	2018-19	2017-18
Sales Income	25,917,130	17,161,393
Cost of Goods Sold	23,392,648	14,277,564
Operating Profit	2,524,482	2,883,829
Salaries / Selling Expenses	1151152	1364299
Exchange Loss/(Gain)	6599	90,912
Income Tax	178,400	414,000
Net (Loss) /Gain	1,188,331	1,014,618

During the year, the company's sales income grew by over 51% compared to the last fiscal year. Operating profit for the year amounted to CHF 2,524,482 as against an operating profit of CHF 2,883,829 for the last year. Net gain for the year amounted to CHF 1,188,331 as against a net gain of CHF 1,014,618 for the last year.

As the company has been able to achieve profitable operations during the last two years, we have a accumulated profit of CHF 219,885 as at the end of the current year as against an accumulated loss of CHF 968,446 as at the end of last year. Company has repaid the outstanding loan to the parent of CHF 2,000,000 during the year.

Market and Outlook

Carotenoid market is expected to reach nearly \$ 2 billion by 2022. 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, 2019 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.

L. Kishore Babu
Director

Franz Probst
Director

Report of the Independent Auditor 2018/19

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 financial year ended 31 March 2019.

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 auditor's 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 2019 comply with Swiss law and the company's articles of incorporation.

CH-Basel, 7 May 2019

SRG Schweizerische Revisionsgesellschaft AG

Philipp Aebin

Licensed audit expert
Auditor in charge

Christoth Huber

Licensed audit expert

Balance Sheet

Particulars	31 st March, 2019 CHF	31 st March, 2018 CHF
ASSETS		
Cash	634'606.24	2'057'411.12
A/R Trade/Other	4'395'293.17	3'102'569.67
A/R Intercompany Divi's Lab Ltd	-	3'618.45
A/R Intercompany Divis USA	332'807.02	624'831.58
Prepaid Expenses & Deposits	303'594.53	488'947.32
Inventories	<u>11'013'359.18</u>	<u>5'832'283.13</u>
Total Current Assets	16'679'660.14	12'109'661.27
Fixed Assets	65'388.31	60'496.55
Less : Accumulated Depreciation	(39'144.04)	(34'215.06)
Setting-up costs	14'325.70	14'325.70
Less : Setting-up costs written-off	<u>(14'325.70)</u>	<u>(14'325.70)</u>
Fixed Assets, net	26'244.27	26'281.49
Total Assets	<u>16'705'904.41</u>	<u>12'135'942.76</u>
LIABILITIES & EQUITY		
A/P Trade/Other	1'144'644.15	751'368.46
A/P Intercompany Divi's Lab Ltd. USA	122'081.95	100'752.71
A/P Intercompany Divi's Lab Ltd. India	14'862'453.93	10'703'123.79
Accruals	<u>256'839.88</u>	<u>449'144.08</u>
Short-term Current Liabilities	16'386'019.91	12'004'389.04
Subordinated A/P Intercompany Divi's Lab. Ltd. India	-	<u>1'000'000.00</u>
Long-term Current Liabilities	-	<u>1'000'000.00</u>
Total Current Liabilities	16'386'019.91	13'004'389.04
Capital	100'000.00	100'000.00
Not paid start-up capital		
Retained Losses	(968'446.28)	(1'983'063.94)
Net Gain / (Loss)	<u>1'188'330.78</u>	<u>1'014'617.66</u>
Stockholders' Equity	319'884.50	(868'446.28)
Total Liabilities & Equity	<u>16'705'904.41</u>	<u>12'135'942.76</u>

Statement of Income

Particulars	1.4.18 - 31.3.19 CHF	1.4.17 - 31.3.18 CHF
Sales	27'316'781.08	17'575'100.37
Carriage and freight outward / bad debt expenses	(1'399.651.47)	(413'707.69)
Net Sales	25'917'129.61	17'161'392.68
Material costs and stock adjustments	<u>23'392'647.60</u>	<u>14'277'564.00</u>
Material costs	23'392'647.60	14'277'564.00
Production Profit	<u>2'524'482.01</u>	<u>2'883'828.68</u>
Personnel	616'339.98	533'343.02
Recruiting, Travel & Memberships	49'285.59	45'319.86
Outside Services	92'561.15	69'475.46
Marketing & Promotional	172'826.34	214'776.94
R&M, Utilities, Insurance	304'888.72	182'011.38
Depreciation	<u>4'928.98</u>	<u>4'485.91</u>
Expenses	1'240'830.76	1'049'412.57
Operating Gain	<u>1'283'651.25</u>	<u>1'834'416.11</u>
Currency Differences	(6'598.95)	(90'912.14)
Interest Expenses	(77'849.62)	(315'893.81)
Misc Income	167'528.10	1'007.50
Property and income taxes	(178'400.00)	(414'000.00)
Net Gain / (Loss)	<u>1'188'330.78</u>	<u>1'014'617.66</u>

Notes

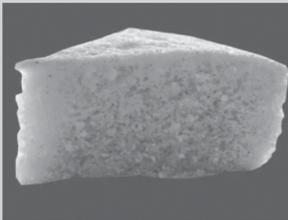
Particulars	1.4.18 - 31.3.19 CHF	1.4.17 - 31.3.18 CHF		
1. The financial statements of Divi's Laboratories Europe AG have been prepared in accordance with the provisions of swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).	-	-		
2. Contingent Liabilities	-	-		
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	-	-		
7. Leasing Liabilities The rental agreement at offices was prolonged until 2024. The remaining rental payments are based on the rental agreement.	140'800.00	61'600.00		
8. Accounts payable Pension Fund	9'398.78	-		
9. Miscellaneous Income The miscellaneous income is related to the partial release of the tax accrual for the financial year 2017/18.	167'000.00	-		
10. Calculation of Current Tax and Deferred Tax Liabilities				
<u>Income tax</u>	<u>Rate</u>	<u>Pre tax profit</u>		
Federal & Communal	13.044%	1'366'730.78	178'300.00	298'000.00
With holding tax				108'000.00
<u>Capital Tax</u>	0.100%	100'000.00	100.00	8'000.00

11. 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

12. The annual average number of full-time equivalents for 2018/19 and 2017/18 did not exceed ten Full-Time-Equivalents (FTE).

13. There are no further items to be disclosed according to article 959c SCO.



Divi's Laboratories Limited

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