

**ADITYA ACQUISITION COMPANY LTD.**  
**FINANCIAL STATEMENTS AS OF**  
**MARCH 31, 2019**

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**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, 2019 and 2018 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, 2019 and 2018 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 3, 2019

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

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

		<b>As at March 31,</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3	577	1,360
Unbilled receivables		867	-
Income taxes receivable		-	115
Other accounts receivable	4	33	13
		<u>1,477</u>	<u>1,488</u>
Property and equipment	5	2	6
Deferred taxes	6	94	121
		<u>1,573</u>	<u>1,615</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable		48	47
Deferred income		-	100
Income taxes payable		13	-
Other accounts payable	7	740	823
		<u>801</u>	<u>970</u>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	8	*	*
Retained earnings		772	645
		<u>772</u>	<u>645</u>
		<u>1,573</u>	<u>1,615</u>

(\*) less than 1K NIS.

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Sudhir Valia  
Director

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May 3, 2019  
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>2019</b>	<b>2018</b>
Revenues		2,530	7,830
Cost of services	9	<u>2,382</u>	<u>7,356</u>
Profit from operations		148	474
Financial expenses (income), net	10	<u>(17)</u>	<u>73</u>
Profit before income tax		165	401
Income tax expenses	11	<u>38</u>	<u>93</u>
Net profit		<u>127</u>	<u>308</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>Retained earnings</u>	<u>Total</u>
<b>Balance as of April 1, 2017</b>	*	337	337
<b>Changes during the year ended March 31, 2018 :</b>			
Net profit	<u>-</u>	<u>308</u>	<u>308</u>
<b>Balance at March 31, 2018</b>	*	645	645
<b>Changes during the year ended March 31, 2019 :</b>			
Net profit	<u>-</u>	<u>127</u>	<u>127</u>
<b>Balance at March 31, 2019</b>	<u>*</u>	<u>772</u>	<u>772</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>For the year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b><u>Cash flows from operating activities:</u></b>		
Net profit	127	308
Adjustments for:		
Depreciation	4	13
Income tax expenses	38	93
	<u>169</u>	<u>414</u>
Changes in operating assets and liabilities:		
Decrease (Increase) in unbilled receivables	(867)	179
Decrease (Increase) in other accounts receivable	(20)	49
Increase (Decrease) in accounts payable	1	(44)
Increase (Decrease) in deferred income	(100)	100
Decrease in other accounts payable	(70)	(1,385)
Income tax received	104	161
<b>Net cash provided by operating activities</b>	<u>(783)</u>	<u>(526)</u>
<b>decrease in cash and cash equivalents</b>	(783)	(526)
<b>Cash and cash equivalents at beginning of period</b>	<u>1,360</u>	<u>1,886</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>577</u></u>	<u><u>1,360</u></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”) was 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 a 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 a consideration for consulting services in relation to formulation / bulk drugs of certain pharmaceutical product lines. The consideration consists of an amount equal to the costs of the Company in connection with the Services as reported by Company, plus a certain percentage (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 that 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 were as follows:



**ADITYA ACQUISITION COMPANY LTD.**

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

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

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

	<b>As at March 31,</b>	
	<b>2019</b>	<b>2018</b>
Consumer Price Index (points)	100.5	100.3
U.S. Dollar (NIS to the dollar)	3.632	3.514

	<b>Percentage change for the year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Consumer Price Index	0.5	(0.10)
U.S. Dollar	3.35	1.36

**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>As at March 31,</b>	
	<b>2019</b>	<b>2018</b>
In New Israeli Shekels	349	565
In U.S. dollars	228	795
<b>Total</b>	<b>577</b>	<b>1,360</b>

**NOTE 4 - OTHER ACCOUNTS RECEIVABLE:**

	<b>As at March 31,</b>	
	<b>2019</b>	<b>2018</b>
Prepaid expenses	23	-
Government authorities – V.A.T	10	128
<b>Total</b>	<b>33</b>	<b>128</b>

**NOTE 5 - PROPERTY AND EQUIPMENT:**

	<b>Electronic equipment</b>
<b>Cost:</b>	
<b>Balance, March 31, 2018</b>	62
Additions	-
Disposals	-
<b>Balance, March 31, 2019</b>	<b>62</b>
<b>Depreciation:</b>	
<b>Balance, March 31, 2018</b>	55
Additions	4
Disposals	-
<b>Balance, March 31, 2019</b>	<b>59</b>
<b>Depreciated cost to March 31, 2019</b>	<b>2</b>
<b>Depreciated cost to March 31, 2018</b>	<b>6</b>
<b>Rate of depreciation</b>	<b>33%</b>

**ADITYA ACQUISITION COMPANY LTD.**

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

**NOTE 6 - DEFERRED TAXES:**

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

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

	<b>As at March 31,</b>	
	<b>2019</b>	<b>2018</b>
<i>At 1 April</i>	121	214
Profit and loss charge	<u>(27)</u>	<u>93</u>
<i>At 31 March</i>	<u>94</u>	<u>121</u>

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>As at March 31,</b>	
	<b>2019</b>	<b>2018</b>
Employee and salary related liabilities	529	448
Accrued expenses	<u>211</u>	<u>375</u>
<b>Total</b>	<u>740</u>	<u>823</u>

**NOTE 8 - SHARE CAPITAL:**

**Composition:**

	<b>March 31, 2019 and 2018</b>	
	<b>Registered</b>	<b>Issued and outstanding</b>
Ordinary Shares, NIS 0.01 par value each	<u>10,000,000</u>	<u>100</u>

**ADITYA ACQUISITION COMPANY LTD.**

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

**NOTE 9 - COST OF SERVICES:**

	<b>For the year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Salaries and related expenses	1,737	6,308
Foreign travel	287	589
Others	358	459
<b>Total</b>	<b>2,382</b>	<b>7,356</b>

**NOTE 10 - FINANCIAL EXPENSE, NET:**

	<b>For the year ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Net foreign exchange Loss	(25)	61
Bank fees	8	12
<b>Total</b>	<b>(17)</b>	<b>73</b>

**NOTE 11 - TAX EXPENSES:**

**A. Tax rates:**

The company tax rate in 2018 is - 23% (2017 – 24%).

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.