

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 March 2018.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Pranav Amin
Tuen-Yee Wong (Resigned 01/07/2017)
Evelyn Bee Kiew Yeoh (Appointed 01/07/2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to \$311,086 (2017: \$53,470 profit).

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were licensing and commercialisation of pharmaceuticals for pharmacy and hospital markets in Australia.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid or declared during or since the end of the financial year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the financial year.

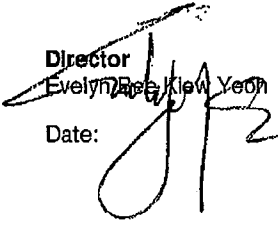
Auditor's Independence declaration

A copy of the auditor's independence declaration as required under s 307c of the Corporations Act 2001 is set out on page 2.

This directors' report is signed in accordance with a resolution of the board of directors:

Director
Evelyn Bee Kiew Yeoh

Date:


26/4/18

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2018 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne: 26 April 2018

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	AUD\$	AUD\$
Revenue	86,184	215,675
Administration expenses	(88,617)	(116,825)
Registration costs	(308,653)	(40,740)
Research & Development expenses	-	(4,640)
	<hr/>	<hr/>
Profit/(Loss) before income tax	(311,086)	53,470
Income tax expense	-	-
	<hr/>	<hr/>
Profit/(Loss) for the period	(311,086)	53,470

The accompanying notes form part of these financial statements.

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 AUD\$	2017 AUD\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	136,279	119,725
Trade and other receivables	4	<u>14,300</u>	<u>143,000</u>
TOTAL CURRENT ASSETS		<u>150,579</u>	<u>262,725</u>
TOTAL ASSETS		<u>150,579</u>	<u>262,725</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	<u>223,589</u>	<u>24,649</u>
TOTAL CURRENT LIABILITIES		<u>223,589</u>	<u>24,649</u>
TOTAL LIABILITIES		<u>223,589</u>	<u>24,649</u>
NET ASSETS		<u>(73,010)</u>	<u>238,076</u>
EQUITY			
Issued capital	6	610,000	610,000
Accumulated losses		<u>(683,010)</u>	<u>(371,924)</u>
TOTAL EQUITY		<u>(73,010)</u>	<u>238,076</u>

The accompanying notes form part of these financial statements.

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Issued Capital AUD\$	Accumulated Losses AUD\$	Total AUD\$
Balance at 1 April 2016	610,000	(425,394)	184,606
Profit for the year	-	53,470	53,470
Balance at 31 March 2017	<u>610,000</u>	<u>(371,924)</u>	<u>238,076</u>
Loss for the year	-	(311,086)	(311,086)
Balance at 31 March 2018	<u>610,000</u>	<u>(683,010)</u>	<u>(73,010)</u>

The accompanying notes form part of these financial statements.

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 AUD\$	2017 AUD\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		223,502	94,243
Payments to suppliers and employees		<u>(406,942)</u>	<u>(170,976)</u>
Net cash (used in)/provided by operating activities	7	<u>(183,440)</u>	<u>(76,733)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related entity		<u>199,994</u>	-
Net cash (used in)/provided by financing activities		<u>199,994</u>	-
Net (decrease)/increase in cash held		<u>16,554</u>	<u>(76,733)</u>
Cash at beginning of financial year		<u>119,725</u>	<u>196,458</u>
Cash at end of financial year	3	<u>136,279</u>	<u>119,725</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous financial year unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Income Tax

Income tax expense (income) comprises current income tax expense (income) and deferred tax expense (income). There is no income tax expense (income) for the year.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

b. Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with banks.

c. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

d. Trade and Other Receivables

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

e. Impairment of Assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

f. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. They are recognised at their transaction price. Trade and other payables are subject to normal credit terms (30–60 days) and do not bear interest.

g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

h. Research and development expenditure

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the statement of profit or loss and other comprehensive income as an expense when it is incurred.

i. New accounting standards and Australian Accounting Interpretations

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements.

j. Going Concern

As at 31 March 2018, the entity is in a net asset deficit of \$73,010 which indicates that the entity may not be able to pay its debts as and when they fall due and continue as a going concern. Notwithstanding this factor, the financial report has been prepared on the basis that the entity is a going concern which assumes continuity of normal business activities and the realisation and the settlement of liabilities in the normal course of the business.

To continue as a going concern, the entity requires:

- the generation of significant funds from operating activities
- continuing funding from the parent company

The directors have prepared the financial statements on the going concern basis as it is of the opinion that the above requirements will be achieved.

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 AUD\$	2017 AUD\$
NOTE 2: PROFIT/(LOSS) FOR THE PERIOD		
a. Included in the profit/(loss) for the period is:		
Directors' fees	16,570	26,574
Auditors Fees	<u>4,000</u>	<u>3,800</u>
	<u>20,570</u>	<u>30,374</u>
 NOTE 3: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>136,279</u>	<u>119,725</u>
 NOTE 4: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	<u>14,300</u>	<u>143,000</u>
	<u>14,300</u>	<u>143,000</u>
 NOTE 5: TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	15,915	5,230
Input tax credit	<u>7,680</u>	<u>19,419</u>
	<u>23,595</u>	<u>24,649</u>
CURRENT		
Loan from related entity	<u>199,994</u>	-
	<u>199,994</u>	-
TOTAL TRADE AND OTHER PAYABLES	<u>223,589</u>	<u>24,649</u>
 NOTE 6: ISSUED CAPITAL		
610,000 (2017: 610,000) fully paid ordinary shares	<u>610,000</u>	<u>610,000</u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	AUD \$	AUD \$
NOTE 7: CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(Loss) after income tax	(311,086)	53,470
Changes in assets and liabilities:		
– (increase)/decrease in trade and other receivables	128,700	(143,000)
– Increase/(decrease) in trade and other payables	<u>(1,054)</u>	<u>12,797</u>
	<u>(183,440)</u>	<u>(76,733)</u>

NOTE 8: COMPANY DETAILS

The registered office of the company is:

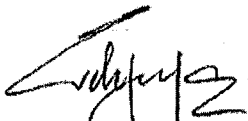
Alembic Pharmaceuticals Australia Pty Ltd
Level 2, 108 Power Street
Hawthorn, VIC, 3122

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Alembic Pharmaceuticals Australia Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 10, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the company's financial position as at 31 March 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director
Evelyn Bee Kiew Yeoh

Date: 26/4/18

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Alembic Pharmaceuticals Australia Pty Ltd (the company), which comprises the Statement of Financial Position as at 31 March 2018, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes In Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of Alembic Pharmaceuticals Australia Pty Ltd is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the company's financial position as at 31 March 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

Without qualification to our audit opinion, we draw attention to Note 1(j) to the financial statements which describe uncertainty related to the company being in a net asset deficiency position of \$73,010. The ability of the company to continue as a going concern is dependent upon it continuing to generate funds from operating activities and receive funding from the parent company. In an event that the company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the financial statement.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report relates to the Directors' Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD**

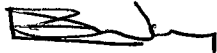
Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne: 26 April 2018

**COMPILATION REPORT
ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD**

Scope

We have compiled the accompanying special purpose financial statements of Alembic Pharmaceuticals Australia Pty Ltd, which comprises the attached Detailed Income and Expenditure statement for the year ended 31 March 2018. The specific purposes for which the special purpose financial statements have been prepared is to provide information relating to the performance of the entity that satisfies the information needs of the directors.

The Responsibility of the Directors

The directors of Alembic Pharmaceuticals Australia Pty Ltd are solely responsible for the information contained in the special purpose Detailed Income and Expenditure statement, the reliability, accuracy and completeness of the information and for the determination that the basis used is appropriate to meet their needs and for the purpose that the special purpose Detailed Income and Expenditure statement was prepared.

Our Responsibility

On the basis of information provided by the directors of Alembic Pharmaceuticals Australia Pty Ltd, we have compiled the accompanying Detailed Income and Expenditure statement in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile the special purpose Detailed Income and Expenditure statement in accordance with the requirements of the directors.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by the directors to compile the special purpose Detailed Income and Expenditure statement. Accordingly, we do not express an audit opinion or a review conclusion on the special purpose Detailed Income and Expenditure statement.

The special purpose Detailed Income and Expenditure statement was compiled exclusively for the benefit of the directors, who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose Detailed Income and Expenditure statement.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

Melbourne: *26 April 2018*

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
REVENUE		
Licensing Income	86,184	215,675
EXPENDITURE		
Administration expenses		
Administrative & Legal Expenses	255	-
Accounting Fees	12,260	9,690
Audit Fees	4,000	3,800
Bad Debts	-	-
Bank charges	1,067	876
Consultancy Fees	53,915	64,837
Directors' fees	16,570	26,574
Professional fees	-	10,549
Subscription	550	499
	88,617	116,825
Registration costs	308,653	40,740
Research & development expenses	-	4,640
TOTAL EXPENDITURE	397,269	162,205
PROFIT/(LOSS) FOR THE YEAR	(311,086)	53,470

This statement should be read in conjunction with the attached compilation report on page 14.