

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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 2017.

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

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 profit of the company for the financial year after providing for income tax amounted to \$53,470 (2016: \$22,825 loss).

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

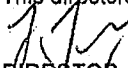
No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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
NAME: TUEN-YEE WONG
Date: 28/4/2017

**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 2017 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

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: 28 April 2017

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 2017

	2017 AUD\$	2016 AUD\$
Revenue	215,675	217,412
Administration expenses	(116,825)	(103,238)
Registration costs	(40,740)	(38,950)
Research & Development expenses	(4,640)	(98,049)
	<hr/>	<hr/>
Profit/(Loss) before income tax	53,470	(22,825)
Income tax expense	-	-
	<hr/>	<hr/>
Profit/(Loss) for the period	53,470	(22,825)

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 2017

	Note	2017 AUD\$	2016 AUD\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	119,725	196,458
Trade and other receivables	4	<u>143,000</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>262,725</u>	<u>196,458</u>
TOTAL ASSETS		<u>262,725</u>	<u>196,458</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	<u>24,649</u>	<u>11,852</u>
TOTAL CURRENT LIABILITIES		<u>24,649</u>	<u>11,852</u>
TOTAL LIABILITIES		<u>24,649</u>	<u>11,852</u>
NET ASSETS		<u>238,076</u>	<u>184,606</u>
EQUITY			
Issued capital	6	610,000	610,000
Accumulated losses		<u>(371,924)</u>	<u>(425,394)</u>
TOTAL EQUITY		<u>238,076</u>	<u>184,606</u>

The accompanying notes form part of these financial statements.

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Issued Capital AUD\$	Accumulated Losses AUD\$	Total AUD\$
Balance at 1 April 2015		200,000	(402,569)	(202,569)
Loss for the year		-	(22,825)	(22,825)
Increase in share capital		410,000	-	410,000
Balance at 31 March 2016		<u>610,000</u>	<u>(425,394)</u>	<u>184,606</u>
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>

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 2017

	Note	2017 AUD\$	2016 AUD\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		94,243	377,215
Payments to suppliers and employees		<u>(170,976)</u>	<u>(226,188)</u>
Net cash (used in)/provided by operating activities	7	<u>(76,733)</u>	<u>151,027</u>
Net (decrease)/increase in cash held		(76,733)	151,027
Cash at beginning of financial year		<u>196,458</u>	<u>45,431</u>
Cash at end of financial year	3	<u>119,725</u>	<u>196,458</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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 2017**

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. All expenditure has been classified as research expenditure.

(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 applications 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.

	2017 AUD\$	2016 AUD\$
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NOTE 2: PROFIT/(LOSS) FOR THE PERIOD

a. Included in the profit/(loss) for the period is:

Directors' fees	26,574	22,900
Auditors Fees	3,800	3,700
	30,374	26,600

NOTE 3: CASH AND CASH EQUIVALENTS

Cash at bank	119,725	196,458
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	AUD\$	AUD\$
NOTE 4: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	143,000	-
	143,000	-

NOTE 5: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	5,230	6,923
Input tax credit	19,419	4,929
	24,649	11,852

NOTE 6: ISSUED CAPITAL

610,000 (2016: 610,000) fully paid ordinary shares	610,000	610,000
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Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

NOTE 7: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax

Profit/(Loss) after income tax	53,470	(22,825)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(143,000)	196,912
- Increase/(decrease) in trade and other payables	12,797	(23,060)
	(76,733)	151,027

NOTE 8: COMPANY DETAILS

The registered office and principal place of business of the company is:

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

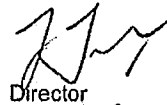
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DIRECTORS' DECLARATION

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 9, 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 2017 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

Name: TUEN-YEE WONG

Date: 28/4/2017

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

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 2017, 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Opinion

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 2017 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 of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne:

28 April 2017

**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 2017. 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: 28 April 2017

ALEMBIC PHARMACEUTICALS AUSTRALIA PTY LTD
ABN 86 161 533 133

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	\$	\$
REVENUE		
Licensing Income	<u>215,675</u>	<u>217,412</u>
EXPENDITURE		
Administration expenses		
Administrative & Legal Expenses	-	1,363
Accounting Fees	9,690	10,645
Audit Fees	3,800	3,700
Bad Debts	-	53,500
Bank charges	876	1,102
Consultancy Fees	64,837	9,700
Directors' fees	26,574	22,900
Professional fees	10,549	-
Subscription	499	328
	<u>116,825</u>	<u>103,238</u>
Registration costs	40,740	38,950
Research & development expenses	4,640	98,049
	<u>162,205</u>	<u>240,237</u>
TOTAL EXPENDITURE		
	<u>162,205</u>	<u>240,237</u>
PROFIT/(LOSS) FOR THE YEAR	<u>53,470</u>	<u>(22,825)</u>

This statement should be read in conjunction with the attached compilation report on page 12.