

**Registration Number C 57355**

**ALEMBIC PHARMACEUTICALS  
EUROPE LTD.**

**Report and Financial Statements**

**for the year ended 31 March 2019**

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

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# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Directors' Responsibilities**

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The Maltese Companies Act (Cap. 386), 1995 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the entity and of the profit or loss of the entity for that year. In preparing these the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the entity will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the entity and to enable them to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Independent Auditors' Report**

To the Members of Alembic Pharmaceuticals Europe Ltd.

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### **Opinion**

We have audited the accompanying financial statements of Alembic Pharmaceuticals Europe Ltd., which comprise the Statement of Financial Position as at 31 March 2019, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of Alembic Pharmaceuticals Europe Ltd. as of 31 March 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act (Cap. 386).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession Act in Malta, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### **Responsibilities of the directors**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance to International Financial Reporting Standards as adopted by the EU and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 ISAs 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 these financial statements.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Independent Auditors' Report

To the Members of Alembic Pharmaceuticals Europe Ltd.

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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Directors' use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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**Mr Manuel Castagna**

for and on behalf of

**Nexia BT**

**Certified Public Accountants**

**The Penthouse, Suite 2**

**Capital Business Centre, Entrance C**

**Triq taz-Zwejt**

**San Gwann SGN 3000**

**Malta**

**Date : 26 April 2019**

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2019

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		2019	2018
	Notes	€	€
Regulatory filing fees and legal expenses		<u>(187,088)</u>	<u>(132,269)</u>
<b>Loss before taxation</b>	<b>4</b>	<u>(187,088)</u>	<u>(132,269)</u>
Income tax	5	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<u><u>(187,088)</u></u>	<u><u>(132,269)</u></u>
<b>Total comprehensive expense</b>		<u><u>(187,088)</u></u>	<u><u>(132,269)</u></u>

The notes on pages 8 to 13 form an integral part of these financial statements.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Financial Position

at 31 March 2019

		2019	2018
	Notes	€	€
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	6	9,834	10,420
Cash at bank and in hand	7	427,948	80,221
<b>Total assets</b>		<u>437,782</u>	<u>90,641</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up issued share capital	8	1,600,000	600,000
Accumulated losses		(1,174,292)	(987,204)
<b>Total equity</b>		<u>425,708</u>	<u>(387,204)</u>
<b>Current liabilities</b>			
Trade and other payables	9	12,074	477,845
<b>Total liabilities</b>		<u>12,074</u>	<u>477,845</u>
<b>Total equity and liabilities</b>		<u>437,782</u>	<u>90,641</u>

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2019, and signed on its behalf by:

\_\_\_\_\_  
Mr Raymond Attard  
Director

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Mr Pranav Chirayu Amin  
Director

The notes on pages 8 to 13 form an integral part of these financial statements.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Changes in Equity for the year ended 31 March 2019

	Called-up issued share capital €	Accumulated losses €	Total €
<b>At 1 April 2017</b>	600,000	(854,935)	(254,935)
Loss for the year	-	(132,269)	(132,269)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(132,269)	(132,269)
<b>At 31 March 2018</b>	600,000	(987,204)	(387,204)
Loss for the year	-	(187,088)	(187,088)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(187,088)	(187,088)
Issue of share capital	1,000,000	-	1,000,000
<b>At 31 March 2019</b>	1,600,000	(1,174,292)	425,708



# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Cash Flows

for the year ended 31 March 2019

	2019	2018
	€	€
<b>Cash flows from operating activities</b>		
Loss before taxation	(187,088)	(132,269)
Working capital changes:		
Movement in trade and other receivables	586	(7,877)
Movement in trade and other payables	146,627	192,071
Net cash flows from operating activities	<u>(39,875)</u>	<u>51,925</u>
<b>Cash flows from investing activities</b>		
Net cash flows from investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Issue of share capital	387,602	-
Net cash flows from financing activities	<u>387,602</u>	<u>-</u>
<b>Movement in cash and cash equivalents</b>	<u>347,727</u>	<u>51,925</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Movement in cash and cash equivalents	347,727	51,925
Cash and cash equivalents at start of year	80,221	28,296
Cash and cash equivalents at end of year	<u>427,948</u>	<u>80,221</u>
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	<u>427,948</u>	<u>80,221</u>

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2019

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### 1. General information

Alembic Pharmaceuticals Europe Ltd. is a limited liability company incorporated in Malta. The company was engaged in the pharmaceuticals industry. Its registered office is at Palazzo Pietro Stiges, 103, Strait Street, Valletta VLT 1436, Malta.

### 2. Accounting policies

#### *Accounting convention and basis of preparation*

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Maltese Companies Act (Cap. 386), and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

#### *New and revised standards that are effective for the current period*

In the current year, the entity has applied IFRS 9 Financial Instruments and the related consequential amendments to other International Financial Reporting Standards that are effective for periods that begin on or after 1 January 2018. IFRS 9 introduced new requirements for the classification and measurement of financial assets and introduced an 'expected credit loss' model for the impairment of financial assets.

There have been no changes to the classification, measurement or impairment of financial assets and financial liabilities as a result of the application of IFRS 9.

In the current year, the entity has applied IFRS 15 Revenue from Contracts with Customers which is effective for periods that begin on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The application of IFRS 15 has not had an impact on the financial position and financial performance of the entity.

#### *New and revised standards that are issued but not yet effective*

IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019.

The application of IFRS 16 will have no impact on the entity's financial statements.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2019

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### *Financial assets*

Financial assets are recognised when the entity becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

### *Financial liabilities*

The company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Interest-related charges are recognised as an expense in the period in which they are incurred.

### *Share capital*

Ordinary shares are classified as equity.

Dividends are recognised in the period in which they are declared.

### *Impairment*

#### *Impairment of financial assets*

Impairment calculations for financial assets use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of this impairment model include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit or loss. In applying this forward-looking approach, a distinction is made between: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1), financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2) and financial assets that have objective evidence of impairment at the reporting date (stage 3).

'12-month expected credit losses' are recognised for the first category and whole 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2019

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### *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense is calculated on net income, adjusted for non-temporary differences between taxable and accounting income. The tax effect of temporary differences, arising from items brought into account in different periods for income tax and accounting purposes, is carried in the Statement of Financial Position as deferred tax debits or credits. Such deferred tax balances are calculated on the liability method taking into account the estimated tax that will be paid or recovered when the temporary differences reverse.

Deferred tax debits are only carried forward if there is a reasonable expectation of realisation. Deferred tax debits, arising from tax losses yet to be recovered, are only carried forward if there is a reasonable assurance and to the extent that future taxable income will be sufficient to allow the benefit of the tax loss to be realised or to the extent of the net credits in the deferred tax balance.

### *Foreign currencies*

The financial statements are presented in Euro, being both the company's functional and presentation currency. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Financial Position. Translation differences are dealt with through the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

### *Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand and balances with banks.

### **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

### **4. Loss before taxation**

	2019	2018
	€	€
Loss before taxation is stated after charging:		
Director's fees	2,360	2,360
Net difference on exchange	270	21
Auditors' remuneration	2,135	2,071
	<u>2,765</u>	<u>4,452</u>

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2019

### 5. Income tax

No income taxation has been provided in these financial statements in view of the company's statutory loss for the year.

As at year-end, unabsorbed tax losses for which no deferred tax asset is recognised amounted to € 609,325 (2018 : € 609,325).

### 6. Trade and other receivables

	2019	2018
	€	€
Other receivables	1,764	1,064
Financial assets	1,764	1,064
Prepayments	8,070	9,356
	<u>9,834</u>	<u>10,420</u>

### 7. Cash at bank and in hand

As at year-end, the company did not have any restrictions on its cash at bank and in hand.

### 8. Called up issued share capital

	2019	2018
	€	€
<b>Authorised</b>		
1,599,999 (2018 : 999,999) Ordinary 'A' shares of €1 each	1,599,999	999,999
1 Ordinary 'B' share of €1	1	1
	<u>1,600,000</u>	<u>1,000,000</u>
<b>Called up issued and fully paid-up</b>		
1,599,999 (2018 : 599,999) Ordinary 'A' shares of €1 each	1,599,999	599,999
1 Ordinary 'B' share of €1	1	1
	<u>1,600,000</u>	<u>600,000</u>

Each ordinary 'A' share gives the right to one vote, while the Ordinary 'B' share does not have any voting rights. Both classes participate equally in profits distributed by the company and carry equal rights upon the distribution of assets by the company in the event of a winding up.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2019

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### 9. Trade and other payables

	2019	2018
	€	€
Trade payables	7,179	1,440
Amounts owed to parent company	-	462,398
Amounts owed to ultimate parent company	-	12,007
Accruals	4,895	2,000
	<u>12,074</u>	<u>477,845</u>

### 10. Risk management objectives and policies

The entity is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The entity's risk management is coordinated by the directors and focuses on actively securing the entity's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the entity is exposed to are described below.

#### *Credit risk*

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 6 and 7.

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

#### *Liquidity risk*

The entity's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the entity's obligations when they become due.

At 31 March 2019 and 31 March 2018, there were no contractual maturities on the financial liabilities of the entity. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

#### *Foreign currency risk*

Most of the entity's transactions are carried out in Euro. Exposure to currency exchange rates arises from the entity's transactions in foreign currencies.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2019

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### *Interest rate risk*

The entity's exposure to interest rate risk is limited as it does not have any borrowings bearing variable interest rates.

### **11. Ultimate controlling party**

The company's ultimate parent company is Alembic Pharmaceuticals Limited of Alembic Road, Gorwa, Vadodara-390007, Gujarat, India, while the direct parent company is Alembic Global Holdings S.A. The latter company holds 99.9% of the voting rights of Alembic Pharmaceuticals Europe Limited, and its registered address is Rue Fritz Courvoisier 40, CH 2300 La Chaux De Fonds, Switzerland. No individual controls the majority of voting rights of the ultimate parent company.

### **12. Capital management policies and procedures**

The entity's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The entity monitors the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Detailed Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2019

	2019		2018	
	€	€	€	€
<b>Administrative expenses</b>				
Director's fees	2,360		2,360	
Subscription	131		-	
Printing, postage and stationery	136		-	
Regulatory filing fees	170,158		116,572	
Legal and professional	10,250		8,015	
Accountancy	1,250		2,900	
Audit	2,135		2,071	
Bank charges	398		314	
Realised difference on exchange	270		21	
Penalties and fines	-		16	
		<u>(187,088)</u>		<u>(132,269)</u>
<b>Loss on ordinary activities before taxation</b>		<u><u>(187,088)</u></u>		<u><u>(132,269)</u></u>

**This page does not form part of the statutory financial statements.**