

Rhizen Pharmaceuticals Inc.

Financial statements

March 31, 2018

KNAV P.A.

Certified Public Accountants
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Independent auditor's report

Board of Directors
Rhizen Pharmaceuticals Inc.

We have audited the accompanying financial statements of Rhizen Pharmaceuticals Inc. ('the Company'), which comprise the balance sheet as at March 31, 2018, changes in stockholder's equity, and cash flows for the year 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 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 internal control relevant to the organization'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 organization'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 the Company as of March 31, 2018 and the cash flows for the year then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
April 23, 2018

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Balance sheet*(All amounts are stated in United States Dollars, unless otherwise stated)***ASSETS****Current assets**

Cash and cash equivalents 649,313

Other current assets 239

Total assets **649,552****LIABILITIES AND STOCKHOLDER'S EQUITY****Current liabilities**

Advance from parent company 369,780

Accounts payable 268,272

Other current liabilities 1,500

Total liabilities **639,552****Stockholder's equity**Common stock (*authorized, 10,000 common shares, \$1 par value; Nil shares issued*) -

Additional paid in capital 10,000

Total stockholder's equity **10,000****Total liabilities and stockholder's equity** **649,552***(The accompanying notes are an integral part of these financial statements)*

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Statement of stockholder's equity

For the year April 01, 2017 to March 31, 2018

(All amounts are stated in United States Dollars, except number of shares)

Particulars	Authorised common stock		Additional paid in capital	Accumulated surplus	Total stockholder's equity
	Shares	Value (\$)			
Balance as at April 1, 2017	10,000	10,000	10,000	-	10,000
Net income	-	-		-	-
Balance as at March 31, 2018	10,000	10,000	10,000	10,000	10,000

(The accompanying notes are an integral part of these financial statements)

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Statement of cash flows*(All amounts are stated in United States Dollars, unless otherwise stated)***Cash flows from operating activities**

Net income

-

Changes in assets and liabilities

Other current assets

(40)

Receivable from parent company

3,311

Accounts payable

268,272

Other current liabilities

1,500

Net cash provided by operating activities273,043**Cash flows from financing activities**

Short term advance from parent company

369,780

Net cash provided by financing activities369,780**Net increase in cash and cash equivalents**

642,823

Cash and cash equivalents at the beginning of the year

6,490

Cash and cash equivalents at the end of the year649,313*(The accompanying notes are an integral part of these financial statements)*

Notes to financial statements

NOTE A - NATURE OF OPERATIONS

Rhizen Pharmaceuticals Inc. (‘the Company’), a Delaware corporation, is a wholly owned subsidiary of Rhizen Pharmaceuticals S.A, (‘the parent company’). The Company was incorporated in 2015. The Company carries out research and development in the field of pharmaceuticals and biotechnology products, manufacture, marketing and all related operations, including in the field of patents and other rights of intellectual property on behalf of the parent company on a cost re-imbusement basis.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America. The significant accounting policies are detailed below:

Basis of preparation

The financial statements are for the year April 01, 2017 to March 31, 2018. All amounts are stated in United States Dollars, unless specified otherwise.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates of accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

Cash and cash equivalents

The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash and cash equivalents comprise of balances in bank accounts and cash in hand. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 for each insured bank for each account per depositor.

Concentrations of credit risk

The Company maintains deposit balances at times in excess of federally insured amounts.

Fair values measurements and financial instruments

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

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- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE C - OTHER CURRENT ASSETS

Other current assets include prepaid expenses amounting to \$ 239 as at March 31, 2018.

NOTE D - RELATED PARTY TRANSACTIONS

The Company has taken an advance from its parent, Rhizen Pharmaceuticals S.A. The Company has conducted research and development activities on behalf of its parent company on a cost re-imburement basis. During the year ended March 31, 2018, the Company has been fully re-imbursed for all the costs incurred on behalf of the parent. The amount outstanding as at March 31, 2018 is \$ 369,780.

NOTE E - COMMON STOCK

Common stock authorized as at March 31, 2018 was 10,000 shares of \$ 1 par value each. No shares have been issued by the Company as at March 31, 2018.

NOTE F - RISK AND UNCERTAINTIES

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations and credit risk. The Company's cash resources are invested with financial institutions with high investment grade credit ratings.

NOTE G - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 23, 2018 which is the date the financial statements were issued. No material subsequent event has been noted.