

## ZYDUS NOVELTECH INC.

**Balance Sheet**

(STANDALONE)

December 31, 2018

(Unaudited)

| <b>Assets</b>  | <b>December 31,<br/>2018</b> |
|--|------------------------------|
| Current Assets:  |                              |
| Cash   | \$79,769                     |
| Accounts receivable - related party                    | \$1,593,221                  |
| Prepaid expenses                                       | \$30,000                     |
| Deferred tax asset                                     | \$1,681,956                  |
| Employee advances                                      | \$615                        |
| Total current assets                                   | <u>\$3,385,560</u>           |
| Property and equipment, net                            | \$1,211                      |
| Capital work-in-progress                               | \$0                          |
| Collateral Pledge                                      | \$219,324                    |
| Rent deposit   | \$11,354                     |
| Non-current investments                                | \$100,100                    |
| I/C note receivable                                    | \$32,145,000                 |
| Total assets   | <u><u>\$35,862,549</u></u>   |
| <br><b>Liabilities and Stockholders' Equity</b>        |                              |
| Current liabilities                                    |                              |
| Accounts payable - other                               | \$22,936                     |
| Accounts payable - unvouchered                         | \$199,508                    |
| Short term provisions                                  | \$159,215                    |
| Accrued expenses                                       | \$27,462                     |
| Total current liabilities                              | <u>\$409,122</u>             |
| Long term liabilities                                  |                              |
| Loan - related party                                   | \$2,000,000                  |
| Bank Loan  | \$32,500,000                 |
| Deferred tax liability                                 | (\$7,501)                    |
| Valuation allowance                                    | \$1,689,457                  |
| Total long term liabilities                            | <u>\$36,181,956</u>          |
| Total liabilities                                      | \$36,591,078                 |
| Stockholders' Equity                                   |                              |
| Common stock, no par value                             |                              |
| 1500 shares authorized,                                |                              |
| 1000 shares issued and outstanding                     | \$3,000,000                  |
| Additional paid-in capital                             | \$2,000,000                  |
| Surplus (Deficit) accumulated during development stage | (\$5,728,528)                |
| Total stockholders' equity                             | <u>(\$728,528)</u>           |
| Total liabilities and stockholders' equity             | <u><u>\$35,862,549</u></u>   |

Reviewed &amp; Approved by

*Ronald J. Burghauer*      MARCH 14, 2019  
 Ronald J. Burghauer      Date  
 CFO

ZYDUS NOVELTECH INC.  
**Statement of Operations**  
**(STANDALONE)**

For the period from January 1, 2018 through December 31, 2018  
(Unaudited)

|   | <u>January 1, 2018<br/>through<br/>December 31,<br/>2018</u> |
|---|--|
| Revenue                                 | \$ 1,593,293   |
| Operating expenses                      |  |
| General and administrative              | \$ 1,411,764   |
| Depreciation and amortization           | \$ 1,138   |
|   | <u>\$ 1,412,902</u>  |
| Profit (Loss) from operations           | \$ 180,391   |
| Other income (expense)                  |  |
| Other income                            | \$ -   |
| Interest income                         | \$ 18  |
| Interest expense                        | \$ -   |
| Total other income (expense)            | <u>\$ 18</u>   |
| Profit (Loss) before state income taxes | \$ 180,408   |
| Provision for state income taxes        | <u>\$ 1,050</u>  |
| Net Profit (Loss)                       | <u><u>\$ 179,358</u></u>                                     |

*Reviewed & Approved by*

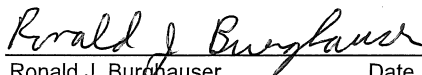
*Ronald J. Burghauer* MARCH 14, 2019  
Ronald J. Burghauer Date  
CFO

ZYDUS NOVELTECH INC.  
**Statement of Cash Flows**  
 (STANDALONE)

For the period from January 1, 2018 through December 31, 2018  
 (Unaudited)

|   | January 1, 2018<br>through<br>December 31,<br>2018 |
|---|--|
| Cash flows from operating activities:                                   |  |
| Net profit (loss)   | \$ 179,358   |
| Adjustments to reconcile net loss to cash used in operating activities: |  |
| Depreciation and amortization   | \$ 1,138   |
| Changes in operating assets and liabilities:                            |  |
| Prepaid expenses  | \$ 564   |
| Deferred tax asset  | \$ 1,674,069                                       |
| Receivable - related party  | \$ (1,043,222)                                     |
| Accounts receivable - unvouchered                                       | \$ -   |
| Accounts payable - other  | \$ 21,056  |
| HSA Employee Withholdings   | \$ 2,900   |
| Accounts payable - unvouchered  | \$ 53,601  |
| Employee advances (other)   | \$ -   |
| Disputed amount pending redressal                                       | \$ -   |
| State income tax payable  | \$ -   |
| Short term provisions   | \$ -   |
| Accrued expenses  | \$ (13,328)  |
| Deferred taxes  | \$ (46,481)  |
| Valuation allowance   | \$ (1,627,588)                                     |
| Net cash provided by operating activities                               | \$ (797,932)                                       |
| Cash flows from investing activities:                                   |  |
| Purchases of property and equipment                                     | \$ -   |
| Pledged collateral  | \$ -   |
| Capital work in progress  | \$ -   |
| I/C note receivable   | \$ (5,025,000)                                     |
| Net cash used in investing activities                                   | \$ (5,025,000)                                     |
| Cash flows from financing activities:                                   |  |
| Loan - related party  | \$ 2,000,000                                       |
| Bank Loan   | \$ 3,300,000                                       |
| Net cash provided by financing activities                               | \$ 5,300,000                                       |
| Net increase in cash  | \$ (522,932)                                       |
| Cash, beginning of period   | \$ 602,701   |
| Cash, end of period   | \$ 79,769  |

Reviewed & Approved by


MARCH 14, 2019  
 Ronald J. Burghauer                      Date  
 CFO

ZYDUS NOVELTECH INC.

**Schedule of General and Administrative Expenses**  
**(STANDALONE)**

For the period from January 1, 2018 through December 31, 2018  
(Unaudited)

|   | January 1, 2018<br>through<br>December 31,<br>2018 |
|---|--|
| Payroll and payroll related               | \$ 1,050,646                                       |
| Legal and other professional services     | \$ 28,724  |
| Travel                                    | \$ 163,611   |
| Rent                                      | \$ 71,535  |
| Employee Benefits and training            | \$ 43,652  |
| General                                   | \$ 31,400  |
| Telephone, internet and videoconferencing | \$ 10,978  |
| Computer, network and copier              | \$ 11,220  |
|   | <u>\$ 1,411,764</u>                                |

*Reviewed & Approved by*

*Ronald J. Burghauer* MARCH 14, 2019  
Ronald J. Burghauer Date  
CFO