

ALIVIRA ANIMAL HEALTH LIMITED

Directors' report and audited financial statements

For the year ended 31 March 2018

Registered number 548942

ALIVIRA ANIMAL HEALTH LIMITED

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ALIVIRA ANIMAL HEALTH LIMITED

Directors and other information

Directors Kannan R. Pudhucode (Indian) (Resigned 26 April 2017)
Kevin Cook (British) (Resigned 25 May 2018)
John Wiper (British) (Resigned 25 May 2018)
Ashish Dilip Kakabalia (British) (Appointed 26 April 2017)
Ramon Vila Vina (Spanish) (Appointed 01 May 2017)
Daniel Joseph O'Riordan (Irish) (Appointed 01 October 2017)

Registered office (From 1 October 2017)
Red City Road,
Fethard,
Co. Tipperary,
Ireland.

(Up to 30 September 2017)
25-28 North Wall Quay,
I.F.S.C.,
Dublin 1,
Ireland.

Company secretary Goodbody Secretarial Limited

Company registration number 548942

Independent auditors EisnerAmper Audit Limited,
Chartered Accountants and Statutory Audit Firm,
6, The Courtyard Building,
Carmanhall Road,
Sandyford,
Dublin 18,
Ireland.

Bankers Barclays Bank P.L.C.,
2 Park Place,
Hatch Street,
Dublin 2,
Ireland.

ALIVIRA ANIMAL HEALTH LIMITED

Directors' report

The Directors present their report and the audited financial statements of Alivira Animal Health Limited (the "Company") for the year ended 31 March 2018.

Principal activities, business review and future developments

The principal activity of the Company is to hold interests in the share capital or provide loan financing to companies; to purchase, develop and hold intellectual property and to carry out research and development, manufacture, produce, sell, import, export, distribute, trade and otherwise deal in pharmaceutical products. The Company seeks to develop, manufacture and sell veterinary products, including both active pharmaceutical ingredients ("API") and formulations to cater to the global market. In order to achieve this aim, the Company have invested in Provect Veteriner Urunleri San. Ve Tic. A. S., ("Provet") a 60% subsidiary company incorporated in Turkey, which is Turkey's third largest animal health pharmaceutical company; Fendigo SA, a 85% subsidiary company incorporated in Belgium; Fendigo BV, a 85% subsidiary company incorporated in the Netherlands; N-VET AB, a 85% subsidiary company incorporated in Sweden; Alivira UA Limited, a 70% subsidiary located in Ireland; Alivira Animal Australia Pty Limited, a 100% subsidiary incorporated in Australia; Vila Vina Participacoes, a 60% subsidiary incorporated in Spain; Alivira Saude Animal Brasil Participacoes Ltda, a 100% subsidiary incorporated in Brazil which holds 100% in Interchange Veterinaria Industria E Comercio S.A. incorporated in Brazil; and Alivira France, a 75% subsidiary incorporated in France. For the year ended 31 March 2018 the company made a loss after tax and other comprehensive income of \$1,272,027 (2017: loss of \$1,810,141). The Directors plan to continue to execute their strategy in 2018/2019.

Results and dividends

The results for the year are set out on page 7. The Directors do not recommend payment of a dividend.

Directors, secretary and their interests

The Company is a 100% owned subsidiary of Alivira Animal Health Limited, a company incorporated and domiciled in India (the "Parent Company"), which is a 100% subsidiary of Sequent Scientific Limited, also incorporated and domiciled in India (the "Ultimate Parent Company"). The Directors who served during the year are set out on page 1. The Directors', who held office during the year, interests in the shares of the Ultimate Parent Company are as follows:

	As at 31 March 2018 Sequent Scientific Ltd. Percentage Ownership	As at 31 March 2017 Sequent Scientific Ltd. Percentage Ownership
Kevin Cook (British)	0.00%	0.00%
John Wiper (British)	0.00%	0.00%
Ashish Dilip Kakabalia (British)	0.01%	0.01%

No shares were held by the Company Secretary, Goodbody Secretarial Limited, at the year end 31 March 2018 (2017: Nil).

In accordance with the Articles of Association, the Directors are not required to retire by rotation.

Going concern

The accounts are prepared on a going concern basis.

The Company made a loss of \$1,272,027 for the year ended 31 March 2018 (2017: loss of \$1,810,141) and is in a net asset position of \$5,722,844 as at 31 March 2018 (2017: \$6,994,871). The Company has a share capital base which supports its ability to continue as a going concern for the foreseeable future. The Company also has access to financial support from its Parent Company. On this basis, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments which would result in the inability of the Company to continue as a going concern.

Principal risk and uncertainties

The Directors have identified compliance obligations to be a risk facing the Company and therefore have engaged suitably qualified professionals to assist them in carrying out their duties throughout the year. The activities of competitors in the animal health sector also pose a risk to the Company's future performance.

Accounting records

The Directors believe that they have complied with the requirements of section 281 to 285 of the Companies Act, 2014 with regard to the books of account by outsourcing this function to accounting personnel within the Ultimate Parent Company, with the appropriate expertise and who provide adequate resources to the financial function. The books of account of the Company are maintained at Red City Road, Fethard, Co. Tipperary, Ireland.

Subsequent events

Subsequent events are disclosed in Note 21 to the financial statements.

Political Donations

No political donations were made during the year or in the prior year.

Statement on relevant audit information

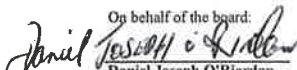
Each of the persons who are directors at the time when this Director's Report is approved have confirmed that

1. So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
2. The directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

EisnerAmper Audit Limited, Chartered Accountants and Statutory Audit Firm were appointed during the year and have signified their willingness to begin in office in accordance with Section 383(2) of the Companies Act, 2014.

On behalf of the board:


Daniel Joseph O'Riordan
Director


Ashish Kakabalia
Director

Date: 10 th September , 2018

ALIVIRA ANIMAL HEALTH LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable Irish law and regulations.

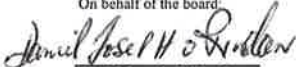
Irish company law requires the Directors to prepare financial statements for each. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the financial performance and cash flows of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements we are required to

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position, financial performance and cash flows of the Company to be determined with reasonable accuracy, and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Daniel Joseph O'Riordan
Director



Ashish Kishore
Director

Date: 10th September, 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIVIRA ANIMAL HEALTH LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Alivira Animal Health Limited (the 'Company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2018 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and, in particular, the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Irish Auditing and Accounting Supervisory Authority ("IAASA") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIVIRA ANIMAL HEALTH LIMITED (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the relevant financial reporting framework and, in particular, the requirements of the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3 of the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIVIRA ANIMAL HEALTH LIMITED (continued)

Auditor's 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [https://www.iaasa.ie/Publications/ISA-700-\(Ireland\)](https://www.iaasa.ie/Publications/ISA-700-(Ireland)). This description forms part of our auditor's report.

The purpose of our audit and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ronan Murphy
For and on behalf of EisnerAmper Audit Limited
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 10 September 2018

ALIVIRA ANIMAL HEALTH LIMITED

**Statement of comprehensive income
For the year ended 31 March 2018**

	Note	Year ended 31-Mar-18 USD	Year ended 31-Mar-17 USD
Revenue	5	1,810,353	833,131
Cost of Goods Sold		(88,388)	-
Gross Profit		<u>1,721,965</u>	<u>833,131</u>
Administrative expenses		(553,434)	(827,612)
Operating Loss		<u>1,168,531</u>	<u>5,519</u>
Net Finance expense	7	(2,440,559)	(1,815,660)
Profit/(Loss) before taxation	6	<u>(1,272,027)</u>	<u>(1,810,141)</u>
Tax on profit/(loss) from ordinary activities	11	-	-
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		<u>(1,272,027)</u>	<u>(1,810,141)</u>

All items dealt with in arriving at the result for the year ended 31 March 2018 related to continuing operations.

The Company has no recognised gains or losses in the financial year other than those dealt with in the statement of comprehensive income.



Daniel Joseph O'Riordan
Director



Ashish Kakabolia
Director

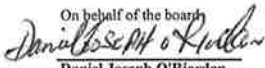
Date: 10th September, 2018.

ALIVIRA ANIMAL HEALTH LIMITED

**Statement of financial position
At 31 March 2018**

	Note	31-Mar-18 USD	31-Mar-17 USD
Non-current assets			
Investment in Subsidiary Companies	12	40,197,626	40,283,066
		<u>40,197,626</u>	<u>40,283,066</u>
Current assets			
Cash and cash equivalents	13	213,428	258,834
Receivables	14	10,624,593	9,904,404
		<u>10,838,021</u>	<u>10,163,238</u>
Total current assets			
		<u>10,838,021</u>	<u>10,163,238</u>
Total Assets		<u>51,035,647</u>	<u>50,446,304</u>
Equity			
Share capital	18	10,825,000	10,825,000
Retained earnings		(5,102,156)	(3,830,129)
		<u>5,722,844</u>	<u>6,994,871</u>
Total equity		<u>5,722,844</u>	<u>6,994,871</u>
Current liabilities			
Payables	15	33,110,787	28,611,370
Bank Borrowings due within one year	16	10,279,375	10,317,516
		<u>43,390,162</u>	<u>38,928,886</u>
Non-current liabilities			
Bank Borrowings due outside one year	16	1,922,641	4,522,547
		<u>1,922,641</u>	<u>4,522,547</u>
Total equity and liabilities		<u>51,035,647</u>	<u>50,446,304</u>

On behalf of the board



Daniel Joseph O'Riordan
Director



Ashish Kakubalia
Director

Date: 10th September, 2018.

ALIVIRA ANIMAL HEALTH LIMITED

**Statement of changes in equity
For the year ended 31 March 2017**

	31-Mar-17	31-Mar-17	31-Mar-17
	Called up share capital USD	Retained earnings USD	Total equity USD
Balance as at 1 April 2016	10,825,000	(2,019,988)	8,805,012
Issued shares	-	-	-
Loss for the year	-	<u>(1,810,141)</u>	<u>(1,810,141)</u>
Balance as at 31 March 2017	<u>10,825,000</u>	<u>(3,830,129)</u>	<u>6,994,871</u>

**Statement of changes in equity
for the year ended 31 March 2018**

	31-Mar-18	31-Mar-18	31-Mar-18
	Called up share capital USD	Retained earnings USD	Total equity USD
Balance as at 1 April 2017	10,825,000	(3,830,129)	6,994,871
Issued shares	-	-	-
Profit for the year	-	<u>(1,272,027)</u>	<u>(1,272,027)</u>
Balance as at 31 March 2018	<u>10,825,000</u>	<u>(5,102,156)</u>	<u>5,722,844</u>

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

ALIVIRA ANIMAL HEALTH LIMITED

Statement of cash flows
For the year ended 31 March 2018

	Note	Year ended 31-Mar-18 USD	Year ended 31-Mar-17 USD
Cash flows from operating activities			
Profit/(loss) before tax		(1,272,027)	(1,810,141)
<i>Adjustments for:</i>			
(Increase)/decrease in receivables		(74,390)	(397,280)
Increase in payables		156,019	(81,993)
Net interest expense		2,322,390	1,815,660
Interest Income		(397,892)	(407,579)
Dividends receivable		<u>(1,310,661)</u>	<u>-</u>
Net cash inflow from operating activities		<u>(576,563)</u>	<u>(881,333)</u>
Cash flows to investing activities			
Purchase of investments in Subsidiary Companies		(4,857,004)	(8,908,340)
Loan investment in subsidiaries		(30,000)	(3,804,709)
Dividends received		1,310,661	-
Cost of intercompany loans		<u>-</u>	<u>-</u>
Net cash outflow from investing activities		<u>(3,576,343)</u>	<u>(12,713,049)</u>
Cash flows from financing activities			
Proceeds from intercompany loans		7,297,800	9,054,664
Proceeds (to)/from loans		(2,597,500)	5,172,500
Interest paid		<u>(592,800)</u>	<u>(541,021)</u>
Net cash inflow from financing activities:		<u>4,107,500</u>	<u>13,686,143</u>
Net (decrease)/increase in cash and cash equivalents		(45,406)	91,761
Cash and cash equivalents at beginning of the year		258,834	167,073
Cash and cash equivalents at end of the year	12	<u>213,428</u>	<u>258,834</u>
Supplementary non-cashflow information			
Additional payable for investment in subsidiary company		<u>-</u>	<u>5,635,501</u>

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

ALIVIRA ANIMAL HEALTH LIMITED

Notes to the financial statements For the year ended 31 March 2018

1. General Information

The Company incorporated on 1 September 2014, is a private company limited by shares, incorporated and domiciled in Ireland with company registration number 548942. The address of its registered office is disclosed in Directors and other information. The Company is a wholly owned subsidiary of its Parent Company, which in itself is a 100% subsidiary of its Ultimate Parent Company. The Company seeks to develop, manufacture and sell veterinary products, including both active pharmaceutical ingredients ("API") and formulations to cater to the global market. In order to achieve this aim, the Company have invested in Provect Veteriner Urunleri San. Ve Tic. A. S., ("Provet") a 60% subsidiary company incorporated in Turkey, which is Turkey's third largest animal health pharmaceutical company; Fendigo SA, a 85% subsidiary company incorporated in Belgium; Fendigo BV, a 85% subsidiary company incorporated in the Netherlands; N-VET AB, a 85% subsidiary company incorporated in Sweden; Alivira UA Limited, a 70% subsidiary located in Ireland; Alivira Animal Australia Pty Limited, a 100% subsidiary incorporated in Australia; Vila Vina Participacoes, a 60% subsidiary incorporated in Spain; Alivira Saude Animal Brasil Participacoes Ltda, a 100% subsidiary incorporated in Brazil which holds 100% in Interchange Veterinaria Industria E Comercio S.A. incorporated in Brazil; and Alivira France, a 75% subsidiary incorporated in France.

2. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board as adopted by the EU and as applied in accordance with the Companies Acts 2014. They have been prepared under the historical cost convention.

2.2 Functional and presentation currency

These financial statements are presented in US Dollars ("\$") which is the Company's functional currency. The Directors of the Company believe that \$ most faithfully represents the economic effects of the underlying transactions, events and conditions.

2.3 Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of comprehensive income.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow into the Company and revenue can be reliably measured.

2.5 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ALIVIRA ANIMAL HEALTH LIMITED

Notes to the financial statements For the year ended 31 March 2018

2.6 Investment in Subsidiary Companies

These investments are held at cost less any impairment. The investments are reviewed for impairment if there are events or changes in circumstances that indicate that the carrying values may not be recoverable. If such a review indicates the carrying amount of an investment exceeds the recoverable amount, the investments carrying amount is written down to its recoverable amount in the period in which it is identified. Any impairment is charged to the statement of comprehensive income. Recoverable amount is the higher of the net realisable value and value in use. Net realisable value is the amount which an asset could be disposed of less any direct selling costs and value in use is the present value of future cash flows obtainable as a result of an asset's continued use, including those resulting from its ultimate disposal.

2.7 Preparation of Consolidated Accounts

The Company is availing of the exemption to file consolidated financial statements with the Companies Registration Office under Section 300 of the Companies Act 2014.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and cash in banks which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments. Cash and cash equivalents are carried at amortised cost in the balance sheet.

2.9 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other account debtors and creditors, loans from banks and loans to/from related parties.

When a financial asset or financial liability is recognised initially, the Company measure at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial assets are subsequently measured at amortised cost and are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities including trade, loans from related parties, loans from banks and other payables are subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Adoption of new and revised IFRS

In the current year, the company has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual years beginning on 1 April 2017.

New and Revised IFRSs in issue but not yet effective

Effective for annual financial years beginning on or after 1 January 2017

The directors have set out below both the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations.

Description	Effective Date
IFRS 9 Financial Instruments (2009, subsequent amendments in 2010 and 2013)	1 January 2018

It reflects the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39 and the application of hedge accounting. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2018. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the company's financial liabilities, but no impact on the classification and measurement of the company's financial assets. The company will quantify the effect, when they become effective, subject to EU endorsement.

IFRS 16: Leases	1 January 2019
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It specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The company plans to adopt the new standard on the required effective date.

ALIVIRA ANIMAL HEALTH LIMITED

**Notes to the financial statements
For the year ended 31 March 2018**

3. Going concern

The accounts are prepared on a going concern basis.

The Company made a loss of \$1,272,027 for the year ended 31 March 2018 (2017: loss of \$1,810,141) and is in a net asset position of \$5,722,844 as at 31 March 2018 (2017: \$6,994,871). The Company has a share capital base which supports its ability to continue as a going concern for the foreseeable future. The Company also has access to financial support from its Parent Company. On this basis, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments which would result in the inability of the Company to continue as a going concern.

4. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Areas where assumptions are significant to the Company and the Financial Statements include:

- recoverability of deferred tax assets and provision for current and deferred income tax (Note 2.5); and
- impairment of investment in the Subsidiary Companies (Note 2.6).

5. Revenue

Revenue represents interest income from loan financing, dividend income and sales income.

	Year ended 31-Mar-18	Year ended 31-Mar-17
	\$	\$
Loan financing income	397,892	407,579
Dividend income	1,310,661	-
Sales income	101,800	-
Other income	-	425,552
	<u>1,810,353</u>	<u>833,131</u>

	Year ended 31-Mar-18	Year ended 31-Mar-17
	\$	\$
Geographical Market		
Belgium	373,830	-
Brazil	224,416	256,995
Egypt	101,800	-
Netherlands	193,341	3,591
Spain	532,679	-
Sweden	210,811	-
Turkey	173,476	571,424
Other	-	1,121
	<u>1,810,353</u>	<u>833,131</u>

6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation has been arrived after charging the following:

	Year ended 31-Mar-18	Year ended 31-Mar-17
	\$	\$
Professional Fees	239,983	537,846
Net foreign exchange loss	91,417	51,393

ALIVIRA ANIMAL HEALTH LIMITED

**Notes to the financial statements
For the year ended 31 March 2018**

7. Finance costs

	Year ended 31-Mar-18	Year ended 31-Mar-17
	\$	\$
Net Interest payable and similar charges	<u>2,440,559</u>	<u>1,815,660</u>

This charge primarily relates to the variable interest finance cost for the bank borrowings and the 5.32645% intercompany loan finance cost for a loan from the Parent Company.

8. Auditors' remuneration

Auditors remuneration for work carried out for the Company in respect of the financial year is as follows:

	Year ended 31-Mar-18	Year ended 31-Mar-17
	\$	\$
Statutory audit	13,108	11,177
Tax advisory services	1,499	1,644
Other non-audit services	6,760	5,146
	<u>21,367</u>	<u>17,967</u>

9. Staff costs

The average number of employees for the year was 1 (2017: 1) incurring aggregate salaries of \$13,517 (2017: \$30,820).

There were no capitalised employee costs during the year (2017: \$0).

10. Directors' remuneration

Directors' remuneration of \$66,372 was incurred during the year (2017: Nil).

11. Income tax expense

	Year ended 31-Mar-18	Year ended 31-Mar-17
	\$	\$
Analysis of charge in year		
Income tax	-	-
Factors affecting tax charge for the year		
The tax assessed for the year is the same as the standard rate of corporation tax in Ireland.		
The differences are explained below:		
Profit/(loss) before taxation	(1,272,027)	(1,810,141)
Taxable profit on ordinary activities multiplied by standard rate of corporation tax (12.5%)	-	-
Impact of non-deductible expenses	-	-
Relief from tax for start up companies	-	-
Short term timing difference leading to a decrease in taxation	-	-
Current tax charge for year	<u>-</u>	<u>-</u>

12. Investment in Subsidiary Companies

	\$
Cost	
At 31 March 2017	40,283,067
Additions	1,359,450
Movement in provision for consideration payable	(1,444,891)
At 31 March 2018	<u>40,197,626</u>

These assets are valued at cost less any permanent impairment. The Board of Directors have not identified any objective evidence of impairment and have assessed that no additional impairment has occurred.

A term loan is secured on the shares in Provet.

Subsidiary Undertakings	Place of Incorporation	Dates of Acquisition /Incorporation	% Held
Provet	Turkey	09-Sep-14	60%
Alivira Animal Health Australia Pty Limited	Australia	24-Jul-15	100%
N-VET AB Sweden	Sweden	18-Nov-15	85%
Fendigo BV Netherlands	Netherlands	02-Dec-15	85%
Fendigo SA Belgium	Belgium	03-Dec-15	85%
Alivira Saúde Animaldo Brasil Incorporated	Brazil	10-Jun-16	100%
Vila Vina Participaciones	Spain	01-Jul-16	60%
Alivira UA Limited	Ireland	30-Sep-16	70%
Alivira France	France	02-Feb-18	75%

ALIVIRA ANIMAL HEALTH LIMITED

Notes to the financial statements

For the year ended 31 March 2018

12. Investment in Subsidiary Companies (continued)

The financial information of the subsidiary undertakings was as follows;

	Aggregate of Share Capital and Reserves of Subsidiaries	Profit/Loss	Aggregate of Share Capital and Reserves of Subsidiaries	Profit/Loss
Investment in subsidiaries	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	\$	\$	\$	\$
Provet	6,228,458	148,994	6,612,802	812,139
Alivira Animal Health Australia Pty Limited	-	-	-	-
N-VET AB Sweden	2,254,115	556,433	1,810,191	362,471
Fendigo BV Netherlands	179,122	67,950	358,943	149,707
Fendigo SA Belgium	851,488	279,896	1,179,917	389,525
Alivira Saúde Animaldo Brasil	(183,214)	(467,385)	34,511	(275,951)
Vila Vina Participacions	2,645,720	657,503	3,409,059	14,987
Alivira UA Limited	1,967	(5,510)	(7,055)	(7,056)
Alivira France	608,717	-	-	-
	<u>6,228,458</u>	<u>148,994</u>	<u>6,612,802</u>	<u>812,139</u>
13. Cash and cash equivalents			31-Mar-18	31-Mar-17
			\$	\$
Cash at bank			<u>213,428</u>	<u>258,834</u>
14. Receivables			31-Mar-18	31-Mar-17
			\$	\$
Intercompany receivables from Provet (see Note 19)			6,846,810	6,499,224
Intercompany receivables from Alivira Saúde Animaldo Brasil (see Note 19)			3,591,119	3,336,703
Intercompany receivables from Topkim - Topkapi İlaç Premiks Sanay (see Note 19)			43,796	-
Prepayments			37,221	68,477
Other debtors			105,647	-
			<u>10,624,593</u>	<u>9,904,404</u>
15. Payables			31-Mar-18	31-Mar-17
			\$	\$
Intercompany payables to the Parent Company (see Note 19)			29,822,427	21,619,608
Intercompany payables to subsidiaries (see Note 19)			1,252,307	1,097,930
Intercompany payables to Laboratorios Karizoo (see Note 19)			929,202	-
Payable under Spanish subsidiary purchase agreement			-	5,635,501
Intercompany payable to Alivira France (see Note 19)			693,056	-
Other Creditors			267,697	66,623
Accruals			146,098	191,708
			<u>33,110,787</u>	<u>28,611,370</u>
16. Bank Borrowings			31-Mar-18	31-Mar-17
			\$	\$
Opening balance			14,840,063	9,703,125
Loan drawdown			7,691,875	7,730,016
Repayments			<u>(10,329,922)</u>	<u>(2,593,078)</u>
Closing balance			<u>12,202,016</u>	<u>14,840,063</u>
Bank Borrowings:				
Due within 12 months			10,279,375	10,317,516
Due within 1 - 5 years			<u>1,922,641</u>	<u>4,522,547</u>
			<u>12,202,016</u>	<u>14,840,063</u>

There are two term loans above charging variable rates with expiry dates of October 2018 and November 2019. The October 2018 loan is unsecured. The November 2019 loan charges are listed below;

A. First pari passu charge on entire fixed assets of Alivira Animal Health Limited, India

B. Pledge of shares of The Company held by Alivira, India.

C. Corporate guarantee of Alivira, India

D. Pledge of shares of Alivira, India held by Sequent Scientific Ltd (SSL) and Shasun Pharmaceuticals Ltd (SPL). This security shall be eventually waived pursuant to creation of all stipulated security to the satisfaction of Exim Bank.

ALIVIRA ANIMAL HEALTH LIMITED

**Notes to the financial statements (continued)
For the year ended 31 March 2018**

17. Risk management framework

The Company has exposure to the following risks arising from financial instruments:

- credit/ counterparty risk
- liquidity risk
- currency risk
- interest rate risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Credit/Counterparty risk

Credit risk is the risk of financial loss to the company if a customer / counterparty fails to meet its contractual obligations. It is also known as default risk.

The Company has one customer at present which is a core component of the business, and is a related party. However the Company believes that the risk of any net loss from this customer / or risk of any other counterparty to be low.

	Carrying Amount 31-Mar-18	Carrying Amount 31-Mar-17
	\$	\$
Intercompany receivables	10,481,725	9,835,926
Prepayments	105,647	68,477
Cash & cash equivalents	<u>213,428</u>	<u>258,834</u>
	<u>10,800,800</u>	<u>10,163,237</u>

Cash and cash equivalents are held with a member of the Barclays Bank PLC Group. The credit rating for Barclay's Bank PLC, as determined by Standard & Poors at 31 March 2018, was A (2017: A-)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity position would be at risk due to the net loss of their largest customer.

All financial assets are considered liquid short term in nature, with the exception of the investments in Subsidiary Companies.

Financial liabilities for the year ended 31 March 2018;	Amounts due within 6 months or less	Amounts due within 6-12 months	Amounts due after 12 months
	\$	\$	\$
Bank borrowings	8,985,625	1,293,750	1,922,641
Intercompany payables to the Parent Company (see Note 19)	29,822,427	-	-
Intercompany payables to subsidiaries (see Note 19)	1,252,307	-	-
Intercompany payables to Laboratorios Karizoo (see Note 19)	929,202	-	-
Intercompany payable to Alivira France (see Note 19)	693,056	-	-
Other Creditors	267,697	-	-
Accruals	146,098	-	-
	<u>42,096,412</u>	<u>1,293,750</u>	<u>1,922,641</u>

Financial liabilities for the year ended 31 March 2017;	Amounts due within 6 months or less	Amounts due within 6-12 months	Amounts due after 12 months
	\$	\$	\$
Bank borrowings	9,023,766	1,293,750	4,522,547
Intercompany payables to the Parent Company (see Note 19)	21,619,608	-	-
Intercompany payables to subsidiaries (see Note 19)	1,097,930	-	-
Payable under Spanish subsidiary purchase agreement	5,635,501	-	-
Other Creditors	66,623	-	-
Accruals	191,708	-	-
	<u>37,635,136</u>	<u>1,293,750</u>	<u>4,522,547</u>

The Company expects to meet its short term liquidity requirements with financial support from the Parent Company and its intercompany creditors will not demand repayment in the short term.

(c) Currency risk

The functional currency of the Company is \$. Foreign currency exposures arise primarily from commission fee income earned in Euro. The Company continues to monitor this risk on an on-going basis. The Company do not hedge their currency risk.

(d) Interest rate risk

This is the risk that changes in the variable interest rate will affect the Company. The Company's bank borrowings is at a variable interest rate. The Company continues to monitor this risk on an on-going basis. The impact of an increase or decrease in the \$ Libor rate of 2% would not be significant.

ALIVIRA ANIMAL HEALTH LIMITED

**Notes to the financial statements
For the year ended 31 March 2018**

18. Share capital	31-Mar-18	31-Mar-17
<i>Authorised capital</i>	EURO	EURO
10,000,000 ordinary shares of EURO (€) 1 each	<u>10,000,000</u>	<u>10,000,000</u>
<i>Allotted called up and fully paid up</i>	\$	\$
9,129,148 Ordinary shares of EURO (€) 1 each (Historical FX rate @ 1.0825)	<u>10,825,000</u>	<u>10,825,000</u>

19. Related party transactions

	31-Mar-18	31-Mar-17
	\$	\$
Intercompany receivables from Provet (i)	6,846,810	6,499,224
Intercompany receivables from Alivira Saúde Animaldo Brasil (ii)	3,591,119	3,336,703
Intercompany receivables from Topkim - Topkapi İlaç Premiks Sanay (iii)	43,796	-
Intercompany payable to the Parent Company (iv)	(29,822,427)	(21,619,608)
Intercompany payables to subsidiaries (v)	(1,252,307)	(1,097,930)
Intercompany payables to Laboratorios Karizoo (vi)	(929,202)	-
Intercompany payable to Alivira France (vii)	<u>(693,056)</u>	<u>-</u>

(i) There is an intercompany loan receivable from Provet, at a rate of 3.63% per annum. The loan is receivable on demand. There is also an intercompany receivable for expenses paid on behalf of Provet and Commission invoices.

(ii) There is an intercompany loan receivable from Alivira Saúde Animaldo Brasil at an interest rate of 12% per annum. Additional financing was provided during the year. This loan is receivable on demand.

(iii) There is an intercompany receivable from Topkim - Topkapi İlaç Premiks Sanay, a 100% subsidiary of Provet, for expenses paid by the Company on their behalf during the year. This loan is receivable on demand.

(iv) There is an intercompany loan payable to the Parent Company. Additional financing was provided during the year at an interest rate of 6.506%. This loan is payable on demand. There is also an intercompany payable to the Parent Company towards Guarantee Commission.

(v) There are intercompany loans payable to three of the subsidiaries; Fendigo BV, Netherlands of \$254,839 at an interest rate of 2% per annum, Fendigo SA of \$624,210 with an interest rate of 2.82% and N-Vet AB, Sweden of \$373,258 at an interest rate of 3.5% per annum. These are payable on demand.

(vi) There is an intercompany loan payable to Laboratorios Karizoo, a 100% subsidiary of Vila Vina Participacions, of \$805,234 at an interest rate of 2.25% per annum. The loan is payable on demand. There is also an intercompany payable for expenses paid on behalf of the Company during the year.

(vii) There is an intercompany payable to Alivira France in respect of shares issued but not yet paid.

20. Control of the Company

Sequent Scientific Limited is the ultimate controlling Company, which is incorporated and domiciled in India.

21. Subsequent events

There have been no significant events subsequent to the year ended that would require disclosure in the financial statements.

22. Approval of financial statements

The financial statements were approved and authorised for issue by the board on 10th September, 2018.