

Solentus North America Inc.

Financial Statements

March 31, 2017 and March 31, 2016

KNAV Professional Corporation

Chartered Professional Accountants
55 York Street, Suite 401, Toronto Ontario M5J 1R7

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Independent Auditor's Report

To the Shareholder
Solentus North America Inc.

We have audited the accompanying financial statements of Solentus North America Inc. ("the Company") which comprise the balance sheets as at March 31, 2017 and March 31, 2016 the related statements of income and accumulated deficit and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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 Canada for private enterprises and for such internal control as management determines is necessary to enable the preparation 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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the financial position of Solentus North America Inc. as at March 31, 2017 and March 31, 2016 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.



Emphasis of matter paragraph

Attention is invited to Note 5(b) to the notes regarding the financial statement being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded (Net worth as at March 31, 2017: CAD 385,612). The Company has suspended its operations during the year ended March 31, 2015 and is in process of evaluating alternate business opportunities. These events cast significant doubt on the ability of a company to continue as a going concern. The appropriateness of the said basis is entirely dependent on its parent company Camlin Fine Sciences Limited to provide financial support and honour the company's obligation as they arise. However, our opinion is not modified in this respect.

KNAV Professional Corporation

KNAV Professional Corporation

Chartered Professional Accountants

Licensed Public Accountants

Date: May 08, 2017

Place: Toronto

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Balance sheets

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	As at	
		March 31, 2017	March 31, 2016
ASSETS			
Current asset			
Cash and cash equivalents	6	34,239	18,618
Other current assets	7	5,696	2,183
Total current assets		\$ 39,935	20,801
Total assets		\$ 39,935	20,801
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	45,926	69,335
Loan from parent company	10	265,899	232,749
Other current liabilities	9	47,080	25,017
Total current liabilities		\$ 358,905	327,101
Loan from parent company, non-current	10	66,642	25,933
Total liabilities		\$ 425,547	353,034
Shareholder's deficit			
Share capital	11	98,600	98,600
Accumulated deficit		(484,212)	(430,833)
Total shareholder's deficit		\$ (385,612)	(332,233)
Total liabilities and shareholder's deficit		\$ 39,935	20,801

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:


 Director:


Statements of loss and accumulated deficit

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	For the year ended	
		March 31, 2017	March 31, 2016
Other income		3,597	15,967
		<u>\$ 3,597</u>	<u>15,967</u>
Cost and expenses			
Salaries and employee benefits		14,613	-
Selling, distribution and administrative		-	10,614
Depreciation expense		-	396
Other expense		17,266	32,473
Total cost and expenses		<u>\$ 31,879</u>	<u>43,483</u>
Finance cost		25,097	20,932
Loss before income tax		<u>\$ (53,379)</u>	<u>(48,448)</u>
Income tax	12	-	-
Net loss for the period		<u>\$ (53,379)</u>	<u>(48,448)</u>
Loss attributable to:			
Owners of the Company		(53,379)	(48,448)
Net loss for the period		<u>(53,379)</u>	<u>(48,448)</u>
Net loss for the period		<u>(53,379)</u>	<u>(48,448)</u>
Accumulated deficit, beginning of the period		(430,833)	(382,385)
Accumulated deficit, end of the period		<u>\$ (484,212)</u>	<u>(430,833)</u>

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:


 Director:

Statements of cash flows

(All amounts in Canadian Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Net loss	\$ (53,379)	(48,448)
Adjustments for:		
Depreciation	-	396
Unrealized foreign exchange loss	11,080	6,836
Net change in operating working capital		
Other current assets	(3,513)	4,220
Accounts payable and accrued liabilities	(23,409)	7,417
Other current liabilities	22,063	16,441
Cash used in operating activities	<u>\$ (47,158)</u>	<u>(13,138)</u>
Cash flow from financing activities		
Proceeds from parent company loan	62,779	25,793
Cash provided by financing activities	<u>\$ 62,779</u>	<u>25,793</u>
Increase in cash and cash equivalents	15,621	12,655
Cash and cash equivalents, at beginning of the period	18,618	5,963
Cash and cash equivalents, at end of the period	<u><u>\$ 34,239</u></u>	<u><u>18,618</u></u>

(See accompanying notes to the financial statements)

[Signature]
 Director:

Notes to Financial Statements

(All amounts are stated in Canadian Dollars unless otherwise stated)

1. Description of business

Solentus North America Inc. (the "Company") is incorporated under the Canada Business Corporations Act (Ontario) on October 11, 2013. The Company is a wholly owned subsidiary of Camlin Fine Sciences Limited, an India company ("Parent"). The Company is engaged in sales, marketing and distribution of speciality ingredients, antioxidants, speciality blends, formulations, emulsifiers vitamins and other related clusters of products for the food, beverage, bakery feed industry and cosmetic industry. The Company has temporarily suspended business operations.

2. Basis of presentation

The financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises ("GAAP").

3. Basis for measurement

The financial statements have been prepared on historical cost basis using the accrual basis of accounting.

4. Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

5. Significant accounting policies

a) *Use of estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances.

b) *Going concern*

The Company has an accumulated loss of CAD 484,212 as at March 31, 2017 and its negative net worth as at that date is CAD 385,612. The Company has suspended its operations during the previous year. Although these events and condition cast significant doubt on the Company's ability to continue as a going concern, the Company has plans for renewal of its operations. Camlin Fine Sciences Limited, the parent company, has agreed that it will continue to provide financial support and honour the Company's obligation as they arise. The management holds the view that Company will realize all its assets and discharge liabilities in normal course of business. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

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c) *Foreign currency transactions*

Transactions denominated in foreign currencies are translated into the Canadian dollar at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the period-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net loss.

d) *Financial instruments*

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments (including cash and cash equivalents) are measured at their fair values, except for account receivables and accounts payable and accrued liabilities, which are measured at cost or amortized cost using the effective interest rate method.

e) *Income taxes*

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

f) *Cash and cash equivalents*

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at	
	March 31, 2017	March 31, 2016
Cash at bank	34,239	18,618
Total	\$ 34,239	18,618

7. OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2017	March 31, 2016
GST/HST receivable	5,696	2,183
Total	\$ 5,696	2,183