Rafarma Pharmaceuticals, Inc.
Consolidated Balance Sheet
As at July 31, 2020 (Unaudited)

	Notes	As at July 31, 2020 (Unaudited) ($)
ASSETS		
Current Assets		
Cash and cash equivalents	4	1,057,595
Short term financial investments	5	720,201
Note receivable	6	634,490
Inventory	7	4,075,815
Deferred cost - current	8	1,399,836
Total Current Assets		**7,887,937**
Deferred expenses	8	6,150
Long term financial investments	9	3,304,242
Tangible assets	10	10,597,500
Intangible assets		-
Total Assets		**21,795,829**
EQUITY & LIABILITIES		
Current Liablities		
Short term operating liabilities	11	63,519,247
Short term financial liabilities	12	7,966,825
Accrued interest	13	-
Demand note payable	14	-
Total Current Liabilities		**71,486,072**
Notes payable to investor		-
Total Liabilities		**71,486,072**
SHAREHOLDER'S EQUITY		
Preferred Stock - Series "A" ($.001 par value, 30,000,000 shares authorized and issued)		-
Preferred Stock - Series "B" ($.001 par value, 30,000,000 shares authorized)		10,500
Common stock ($.001 par value, 83,866,999 & 83,866,999 issued respectively)	15	93,167
Additional paid in capital		6,185,772
Accumulated profit		(55,979,682)
Total Shareholders' Equity		**(49,690,243)**
Total Liabilities and Shareholders' Equity		**21,795,829**

Rafarma Pharmaceuticals, Inc.
Consolidated Statement of Operations
For the period ended July 31, 2020

	Notes	For the period ended July 31, 2020
		(Amount in $)
Net Revenue		5,312,922
Cost of sales		(2,231,683)
Gross profit		3,081,239
Other operating expenses		(78,112)
General and administrative expense		(62,289,045)
Advertisement and selling expense		-
Profit from operations		**(59,285,918)**
Non-operating expenses		
Finance cost		(10,465)
Income before income tax expense		**(59,296,383)**
Income tax expense		**-**
Net Profit		**(59,296,383)**

Rafarma Pharmaceuticals, Inc.
Statement of Shareholders' Equity
As at July 31, 2020 (Unaudited)

	Series A - Preferred Stock		Series B - Preferred Stock		Common Stock		Additonal Paid in capital	Accumulated Profit / (Deficit)	Total
	Shares	Par	Shares	Par	Shares	Par			
							Amount is $		
As at April 30, 2020 (Unaudited)	-	-	10,500,000	10,500	93,166,999	93,167	6,185,772	3,316,701	9,606,140
Profit / (loss) for the period								(59,296,383)	(59,296,383)
As at July 31, 2020 (Unaudited)	**-**	**-**	**10,500,000**	**10,500**	**93,166,999**	**93,167**	**6,185,772**	**(55,979,682)**	**(49,690,243)**

Rafarma Pharmaceuticals, Inc.
Statement of cashflows
For the period ended July 31, 2020

	2021
Cash flow from operating activities	
(Loss) / profit before income tax	(59,296,383)
Adjustment for non cash charges and other items	
Depreciation and amortization	116,500
	(59,179,883)
Changes in operating assets	
Decrease / (increase) in notes receivables	(134,947)
Decrease / (increase) in inventory	(312,420)
Decrease / (increase) in deferred cost	(447,719)
(Decrease) / increase in operating liabilities	55,142,071
(Decrease) / increase in accrued interest	-
(Decrease) / increase in demand note payable	-
(Decrease) / increase in financial liabilities	5,785,411
	60,032,396
Cash flow from operating activities	852,513
Cash flow from investing activities	
Additions / disposal of intangibles assets	-
Additions in property, plant and equipment	-
Additions in investments	(602,456)
Cash flow from / (used) in investing activities	(602,456)
Cash flow from financing activities	
Borrowings during / (repaid) the year	(161,593)
Issuance of preference shares	-
Issuance of share capital	-
Cash flow from financing activities	(161,593)
Increase/(decrease) in cash and cash equivalents	88,464
Cash and cash equivalents at beginning of the period	969,131
Cash and cash equivalents at end of the period	**1,057,595**

Rafarma Pharmaceuticals, Inc.
Notes to the Financial Statements
For the period ended July 31, 2020

1. LEGAL STATUS AND OPERATIONS

Rafarma Pharmaceuticals, Inc. is the end product of a merger of Johnston Acquisition Corp., the financial survivor (now dissolved), and Airprotek International, Inc., the legal survivor, now "RAFARMA PHARMACEUTICALS. INC.".

The Company acquired the ownership of the distributed pre-tax revenues of "ZAO Rafarma" a manufacturer of generic pharmaceuticals and proprietary medications. The company has no ownership managerial rights or control over "ZAO Rafarma" and is only the beneficial owner of distributed profits, much as a noncontrolling member of an LLC.

On March 27, 2013 the Product line "Quintess" was sold for 3,700,000 common shares of Rafarma which were returned to treasury for the deemed value of the Intangible Asset.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") on a going concern.

2.2 Accounting Convention

These financial statements have been prepared on the basis of 'historical cost convention using accrual basis of accounting except as otherwise stated in the respective accounting policies notes.

Going concern

The accompanying unaudited financial statements have been prepared on the assumption that the Company will continue as a going concern.

2.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

The areas involving higher degree of judgment and complexity, or areas where assumptions and estimates made by the management are significant to the financial statements are as follows:

i) Equipment - estimated useful life of equipment (note - 3.8)
ii) Provision for doubtful debts (note - 3.4)
iii) Provision for income tax (note - 3.1)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income tax

The tax expense for the year comprises of income tax, and is recognized in the statement of earnings. The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred income tax is calculated at the rates that are expected to apply to the period when the differences are expected to be reversed.

3.2 Short term operating liabilities

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.3 Provisions

A provision is recognized in the financial statements when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.4 Accounts Receivable

Accounts receivable are non-interest bearing obligations due under normal course of business. The management reviews accounts receivable on a monthly basis to determine if any receivables will be potentially uncollectible. Historical bad debts and current economic trends are used in evaluating the allowance for doubtful accounts. The Company includes any accounts receivable balances that are determined to be uncollectible in its overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, the Company believes its allowance for doubtful accounts as of period ended is adequate.

3.5 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.6 Financial liabilities

Financial liabilities are recognized when the Company becomes party to the contractual provision of the instruments and the Company loses control of the contractual right that comprise the financial liability when the obligation specified in the contract is discharged, cancelled or expired. The Company classifies its financial liabilities in two categories: at fair value through profit or loss and financial liabilities measured at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of trading or payment in the short-term. Derivatives (if any) are also categorized as held for trading unless they are designated as hedges.

(b) Financial liabilities measured at amortized cost

These are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account.

3.7 Tangible assets

All equipments are stated at cost less accumulated depreciation and impairment loss.The cost of fixed assets includes its purchase price, import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation on additions to property, plant and equipment is charged, using straight line method, on pro rata basis from the month in which the relevant asset is acquired or capitalized, upto the month in which the asset is disposed off. Impairment loss, if any, or its reversal, is also charged to income for the year. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

Maintenance and normal repair costs are expensed out as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any are retired.

Gains and losses on disposal of fixed assets, if any, are recognized in statement of profit and loss.

Category	Depreciation terms
Computer and equipment	5 years
Furniture and fixtures	7 years
Software	3 years

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the statement of cash flows, cash and cash equivalents bank balances and short term highly liquid investments subject to an insignificant risk of changes in value and with maturities of less than three months.

3.9 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable for goods sold or services rendered, net of discounts and sales tax and is recognised when significant risks and rewards are transferred.

3.10 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in US (Dollars) which is the Company's presentation currency. All financial information presented in US Dollars has been rounded to the nearest dollar unless otherwise stated.

3.11 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the profit and loss account.

3.12 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which
may differ on the occurrence / non-occurrence of the uncertain future event(s).

3.13 Long term Investment

Lon term Investment is initially recognized at cost. At subsequent dates, the recoverable amounts of such investment is estimated in order to determine the extent of impairment losses, if any, and the carrying amount of investment is adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amount of the investment is increased to the revised recoverable amounts, but limited to the extent of the initial cost of the investment.

3.14 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that cost of such an asset can also be measured reliably.

Intangible assets are measured on initial recognition at cost, being the fair value of the consideration given. Following the initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.Intangible assets with finite useful lives are amortized over the period of their useful economic life.

4 Cash

This represent cash in hand and cash deposited in bank accounts (current) by the Company.

5 Short term financial investments

Opening balance	654,475
Net movement during the period	65,726
	720,201

6 Note receivable

Opening balance	499,543
Net movement during the period	134,947
	634,490

7 Inventory

Opening balance	3,763,395
Net movement during the period	312,420
	4,075,815

8 Deferred expenses

Opening balance	5,475
Net movement during the period	1,400,511
Closing balance	1,405,986
Less: Current portion	(1,399,836)
	6,150

9 Long term financial investments

Opening balance	2,767,512
Net movement during the period	536,730
Closing balance	3,304,242

10 Tangible assets

Opening balance	10,714,000
Additions	-
Less: accumulated depreciation	(116,500)
Closing balance	10,597,500

11 Short term operating liabilities

Opening balance	8,377,176
Net movement in liabilities during the period	55,142,071
Closing balance	63,519,247

12 Short term financial liabilities

Opening balance	2,181,414
Net movement in liabilities during the period	5,785,411
Closing balance	7,966,825

13 Cost of sales

Cost of goods and materials	252,463
Cost of services	503,307
Wages and salaries	571,709
Retirement insurance cost	404,264
Other social insurance cost	130,223
Other personnel cost	253,218
Depreciation and amortization	116,500
	2,231,683

14 Contingencies and Commitments

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As at the end of current reporting period, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of operations and there are no proceedings in which any directors, officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to the Company's interest.

15 Other Information

During the period ended, the Company has entered into agreement for purchase of 49% MRT for $ 4,900,000. As at April 30, 2020 the Company has paid 50% of the said amount. As per the terms of the agreement the remaining balance is to be paid in August 2020.

Chief Executive Director