



Versatile-Audit Kft.

4400 Nyíregyháza, Munkás u. 53.
Adószám: 13874357-2-15 Cégj. sz.: 15-09-071194
Számlaszám: HVB Bank Zrt. 10918001-00000046-12220018



Independent Auditors' Report

(Free translation)

To the quota holders shareholders of ALKALOIDA Chemical Company Zrt

We completed the overall analytical review of the attached financial statement of the **ALKALOIDA Chemical Company Zrt.** of the year 2015. This financial statement contains the balance sheet, compiled to the balance date of 31. March 2016, in which the equal total amount of assets and liabilities is **583 676 583 USD** and the loss of the year is **- 10 389 835 USD (loss)**, the profit- and loss statement for the year ended at the mentioned date, and the supplementary enclosure.

The responsibility of the management for the annual report

Compilation – according to the Law of Accountancy and to the Hungarian Accepted Accounting Principles – and actual presentation of the annual report is the responsibility of the management. This responsibility includes the formation, introduction and maintenance of the internal control system, which is relevant from the view of the compilation and actual presentation of the annual report – which is devide from any significant wrong statement, derived either from fraud or from mistake –, the selection and use of the appropriate accounting policy and the preparation of the – under the circumstances – rational accounting estimations.

The responsibility of the auditor

The responsibility of the auditor is to give opinion about the financial statement on basis of his audit, and to adjudge, whether the business report corresponds to the data included in the financial statement. We accomplished our audit on basis of Hungarian National Auditing Standards, of updated acts concerning auditing activity in Hungary and of other legislative provisions. Under the terms of the above standards, we have to suit the certain ethical requirements, and by planning and doing the auditing activity we have to get enough evidence and make sure that the financial statement does not contain significant incorrect statements.

Our audit included the fulfillment of such procedures, which purposes are to get enough audit evidence about the amounts and disclosures performed in the financial statement. The selected procedures – included the assessment of the risk of significant incorrect statement in the financial statement derived either from fraud or from mistake – depend on the judgement of the auditor. In case of such assessment of the risk, the auditor ponders the internal control system – which is relevant in the compilation and the actual presentation of the annual report – in order to be able to design such auditor procedures, which are – under the circumstances – appropriate, but not in order to offer an opinion about the internal control system of the company.

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Our audit included furthermore the valuation of the compliance of the applied accounting principles, of the reasonableness of the accounting estimations of the management and of the comprehensive presentation of the financial statement. Our work related with the business report was confined to the judgement of the correspondence between the business report and the financial statement and did not include the review of other information, which are deducted from other, non-audited accounting registers.

We are convinced that the possessed audit evidences give sufficient and appropriate basis for the auditor's clause.

Clause

During our audit activity we supervised the financial statement of the **ALKALOIDA Chemical Company Zrt.** parts and items of that, accounting and documentary corroboration of that on basis of updated national accounting standards. According to these we have sufficient and appropriate evidence that the financial statement was compiled on basis of the Law of Accountancy and according to General Accounting Principles.

The annual report puts a reliable and true face of the property, income and financial situation of the **ALKALOIDA Chemical Company Zrt.** on 31. March 2016. The business report corresponds to the data included in the financial statement.

Nyíregyháza, 15th April 2016.

János Varga
Registered Auditor
Licence No.: 002059
12 Kandó K street, 4400 Nyíregyháza

Sándorné Piroska
Partner
VERSATILE AUDIT Ltd.
Licence No.: 002430
53 Munkás street, 4400 Nyíregyháza

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

"A" BALANCE Assets

USD

No.	Item	Previous year 31/03/2015	Previous year(s) modifications	Reference year 31/03/2016
a	b	c	d	e
01.	A FIXED ASSETS (2.+10.+18.)	518,908,987	0	531,889,347
02.	I. INTANGIBLE ASSETS (3. ... 9.)	46,153	0	44,202
03.	Capitalised value of foundation and restructuring costs			
04.	Capitalised value of research and development	0		0
05.	Concessions and similar rights and assets k			
06.	Intellectual property	46,153		44,202
07.	Goodwill			
08.	Advance payments on intangible assets			
09.	Revaluation of intangible assets			
10.	II. TANGIBLE ASSETS (11. 17.)	40,745,591	0	43,607,939
11.	Land and buildings and related concessions and similar rights	33,039,532		35,510,407
12.	Technical equipment, machinery and vehicles	3,747,897		4,423,962
13.	Other equipment, fittings and vehicles	2,530,938		2,369,335
14.	Breeding stock			0
15.	Capital WIP, renovations	1,385,951		1,216,807
16.	Advance payments on Capital WIP	41,273		87,428
17.	Revaluation of tangible assets			
18.	III. FINANCIAL INVESTMENTS (19. 25.)	478,117,243	0	488,237,206
19.	Long term investments in related companies	261,247,797		259,192,396
20.	Long term loans given to related companies	216,869,446		229,044,810
21.	Other long term investments			
22.	Long term loans given to other investees			
23.	Other long term loans given			
24.	Securities representing long term loans			
25.	Revaluation of financial investments			
26.	B CURRENT ASSETS (27.+34.+40.+45.)	201,012,381	0	49,393,791
27.	I. INVENTORIES (28. 33.)	38,368,059	0	36,617,957
28.	Raw materials and consumables	7,628,744		9,916,086
29.	Work in progress and semi-finished products	10,473,331		8,216,026
30.	Animals			0
31.	Finished goods	16,362,033		17,100,065
32.	Goods			0
33.	Advance payments on inventories	3,903,951		1,385,780
34.	II. RECEIVABLES (35. 39.)	148,297,471	0	5,902,317
35.	Trade accounts receivable	568,808		820,968
36.	Receivables from related companies	143,952,873		1,918,900
37.	Receivables from other investees			0
38.	Bills of exchange receivables			0
39.	Other receivables	3,775,790		3,162,449
40.	III. MARKETABLE SECURITIES (41. 44.)	5,008	0	0
41.	Investments in related companies			
42.	Other investments			
43.	Own shares, own quotas	5,008		0
44.	Securities representing loans held for sale			
45.	IV. LIQUID ASSETS (46.+47.)	14,341,843	0	6,873,517
46.	Cash in hand, cheques	1,105		1,617
47.	Bank deposits	14,340,738		6,871,900
48.	C PREPAID EXPENSES AND ACCRUED INCOME (49. 51.)	2,193,135	0	2,393,445
49.	Accrued income	1,823,853		2,125,381
50.	Prepaid expenses	369,282		268,064
51.	Deferred expenses			
52.	TOTAL ASSETS (1.+26.+48.)	722,114,503	0	583,676,583

Date: TISZAVASVARI, APRIL 15, 2016

head of the company
(representative)

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Company registration number

ALKALOIDA Chemical Company Zrt.

"A" BALANCE Liabilities

USD

No	Item	Previous year 31/03/2015	Previous year(s) modifications	Reference year 31/03/2016
a	b	c	d	e
53.	D SHAREHOLDERS' EQUITY (54.+56.+57. ... 61.)	564,944,815	0	398,359,431
54.	I. ISSUED CAPITAL	268,150,577		89,260,220
55.	Of line 54: ownership shares repurchased at face value			0
56.	II. ISSUED BUT NOT PAID CAPITAL (-)			0
57.	III. CAPITAL RESERVES	316,014,352		296,794,237
58.	IV. RETAINED EARNINGS FROM PREVIOUS YEAR	0		22,694,810
59.	V. NON DISTRIBUTABLE RESERVES			0
60.	VI. REVALUATION RESERVE			0
61.	VII. PROFIT PER BALANCE SHEET	-19,220,114		-10,389,835
62.	E PROVISIONS (63. ... 65.)	0	0	0
63.	1. Provisions for expected liabilities	0		0
64.	2. Provisions for future expenses			
65.	3. Other provisions			
66.	F LIABILITIES (67.+71.+80.)	154,948,139	0	182,666,117
67.	I. SUBORDINATED LIABILITIES (68. ... 70.)	0	0	0
68.	Subordinated liabilities to related companies			
69.	Subordinated liabilities to other investees			
70.	Subordinated liabilities to other enterprises			
71.	II. LONG TERM LIABILITIES (72. ... 79.)	152,357,919	0	180,875,133
72.	Long term credits			
73.	Convertible bonds			
74.	Debt on the issue of bonds			
75.	Investment and development loans			
76.	Other long term loans			
77.	Long term liabilities to related companies	152,340,000		180,862,124
78.	Long term liabilities to other investees			0
79.	Other long term liabilities	17,919		13,009
80.	III. SHORT TERM LIABILITIES (81. ... 89.)	2,590,220	0	1,790,984
81.	Short term credits			
82.	Of line 81: convertible bonds			
83.	Short term loans	4,640		5,060
84.	Advance payments received from customers	61,128		0
85.	Trade accounts payable	1,863,400		1,635,541
86.	Bills of exchange payable			0
87.	Short term liabilities to related companies	393,920		89,658
88.	Short term liabilities to other investees	0		0
89.	Other short term liabilities	267,132		60,725
90.	G ACCRUED EXPENSES AND DEFERRED INCOME (91. ... 93.)	2,221,549	0	2,651,035
91.	Deferred revenues			
92.	Accrued expenses and deferred income	1,683,112		2,132,685
93.	Deferred income	538,437		518,350
94.	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (53.+62.+66.+90.)	722,114,503	0	583,676,583

Date: TISZAVASVARI, APRIL 15, 2016

head of the company
(representative)

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Company registration number

ALKALOIDA Chemical Company Zrt.

"B" STATEMENT OF INCOME
(with turnover cost method)

USD

No	Item	Previous year 31/03/2015	Previous year(s) modifications	Reference year 31/03/2016
a	b	c	d	e
01.	Net domestic sales	1,169,684		1,148,633
02.	Net export revenues	11,615,303		12,296,729
I.	NET SALES REVENUES (01+02)	12,784,987	0	13,445,362
03.	Direct cost of sales	19,546,354		21,295,194
04.	Cost of goods sold	128,530		110,666
05.	Value of services provided	2,916		2,598
II.	DIRECT COST OF SALES (03+04+05)	19,677,800	0	21,408,458
III.	GROSS SALES INCOME (I.-II.)	-6,892,813	0	-7,963,096
06.	Cost of sales	194,599		616,206
07.	Administration cost	4,237,164		3,851,257
08.	Other overheads	195,058		214,417
IV.	INDIRECT COST OF SALES (06+07+08)	4,626,821	0	4,681,880
V.	OTHER INCOME	498,435		309,169
	- teherof: loss of value written back	3,036		13,779
VI.	OTHER EXPENDITURES	9,441,529		2,555,507
	- thereof: loss of value	8,337,819		2,095,449
A.	TRADING PROFIT (+III-IV+V-VI)	-20,462,728	0	-14,891,314
09.	Dividend received			
	- Of which: received from related companies			
10.	Gain on sale of investment			
	- Of which: received from related companies			
11.	Interest received and gain on financial investments			
	- Of which: received from related companies			
12.	Other interest received	10,907,910		6,890,671
	- Of which: received from related companies	10,879,423		6,886,273
13.	Other revenues from financial transactions	52,964		1,330,511
VII.	REVENUES FROM FINANCIAL TRANSACTIONS (9+10+11+12+13)	10,960,874	0	8,221,182
14.	Loss on financial investments			
	- Of which: given to related companies			
15.	Interest paid	3,128,418		1,103,412
	- Of which: given to related companies	3,125,429		1,101,031
16.	Losses on shares, securities and bank deposits	11,530		2,473,359
17.	Other expenditures of financial transactions	6,660,202		162,811
VIII.	EXPENDITURES OF FINANCIAL TRANSACTIONS (14+15+16+17)	9,800,150	0	3,739,582
B.	FINANCIAL PROFIT (VII.-VIII.)	1,160,724	0	4,481,600
C.	PROFIT ON ORDINARY BUSINESS (+A+B)	-19,302,004	0	-10,409,714
IX.	EXTRAORDINARY REVENUES	85,119		20,964
X.	EXTRAORDINARY EXPENDITURES	3,229		1,085
D.	PROFIT ON EXTRAORDINARY EVENTS (IX.-X.)	81,890	0	19,879
E	NET PROFIT BEFORE TAXATION (±C±D)	-19,220,114	0	-10,389,835
XI.	TAX LIABILITY			
F	PROFIT AFTER TAX (±E-XI)	-19,220,114	0	-10,389,835
18.	Dividends paid out of accumulated profit reserve			
19.	Dividends paid (approved) out of current year profits			
G	NET PROFIT PER BALANCE SHEET (±F+22-23)	-19,220,114	0	-10,389,835

Date: TISZAVASVARI, APRIL 15, 2016

head of the company
(representative)

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Company registration number

ALKALOIDA Chemical Company Zrt.

"A" STATEMENT OF INCOME
(with total cost method)

USD

No.	Item	Previous year 31/03/2015	Previous year(s) modifications	Reference year 31/03/2016
a	b	c	d	e
01.	Net domestic sales revenues	1,169,684		1,148,633
02.	Net export sales revenues	11,615,303		12,296,729
I.	NET SALES REVENUES (01+02)	12,784,987	0	13,445,362
03.	Change in self-manufactured inventories	8,544,633		598,552
04.	Capitalised value of self-manufactured assets	0		0
II.	CAPITALISED VALUE OF OWN PERFORMANCE (03±04)	8,544,633	0	598,552
III.	OTHER INCOME	498,435		309,169
	Of which: loss of value written back	3,036		13,779
05.	Cost of raw materials	12,158,130		10,541,520
06.	Value of services used	9,907,272		6,375,022
07.	Value of other services	240,178		189,329
08.	Cost of goods sold	128,530		110,667
09.	Value of recharged services	2,915		2,598
IV.	MATERIAL-TYPE EXPENDITURES (05+06+07+08+09)	22,437,025	0	17,219,136
10.	Wages costs	5,306,091		4,546,586
11.	Other payments to personnel	770,313		680,620
12.	Personnel related contributions	1,543,028		1,207,995
V.	PAYMENTS TO PERSONNEL (10+11+12)	7,619,432	0	6,435,201
VI.	DEPRECIATION CHARGE	2,792,797		3,034,553
VII.	OTHER EXPENSES	9,441,529		2,555,507
	Of which: impairment loss provision	9,337,819		2,095,449
A	TRADING PROFIT (I+II+III-IV-V-VI-VII)	-20,462,728	0	-14,891,314
13.	Dividend received			
	Of which: received from related companies			
14.	Gain on sale of investment			
	Of which: received from related companies			
15.	Interest received and gain on financial investments			
	Of which: received from related companies			
16.	Other interest received	10,907,910		6,890,671
	Of which: received from related companies	10,879,423		6,886,273
17.	Other revenues from financial transactions	52,964		1,330,511
VIII.	REVENUES FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)	10,960,874	0	8,221,182
18.	Loss on financial investments			
	Of which: given to related companies			
19.	Interest paid	3,128,418		1,103,412
	Of which: given to related companies	3,125,429		1,101,031
20.	Losses on shares, securities and bank deposits	11,530		2,473,359
21.	Other expenditures of financial transactions	6,660,202		162,811
IX.	EXPENDITURES OF FINANCIAL TRANSACTIONS (18+19±20+21)	9,800,150	0	3,739,582
B	FINANCIAL PROFIT (VIII-IX)	1,160,724	0	4,481,600
C	PROFIT ON ORDINARY BUSINESS (±A±B)	-19,302,004	0	-10,409,714
X.	EXTRAORDINARY REVENUES	85,119		20,964
XI.	EXTRAORDINARY EXPENDITURES	3,229		1,085
D	PROFIT ON EXTRAORDINARY EVENTS (X-XI)	81,890	0	19,879
E	NET PROFIT BEFORE TAXATION (±C±D)	-19,220,114	0	-10,389,835
XII.	TAX LIABILITY			
F	PROFIT AFTER TAX (±E-XII)	-19,220,114	0	-10,389,835
22.	Dividends paid out of accumulated profit reserve			
23.	Dividends paid (approved) out of current year profits			
G	NET PROFIT PER BALANCE SHEET (±F+22-23)	-19,220,114	0	-10,389,835

Date: TISZAVASVARI, APRIL 15, 2016

head of the company
(representative)

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

1 PRESENTATION OF THE COMPANY

ALKALOIDA Chemical Company Zrt. (hereinafter referred to as “Company”) is the member of the SUN Pharmaceutical Industries Ltd. international corporation based in India.

The Company, acting upon the accounting system of the parent company, prepares annual report for the period between 01 April 2015 and 31 March 2016, date of balance is 31 March.

Our company limited was established by János Kabay in the North-Eastern part of Hungary, in Tiszavasvári, in 1927, as Alkaloida Chemical Factory.

Morphine was produced in the factory from green poppy. A couple of years later János Kabay took out the patent for his new technology utilising dry poppy heads, which has ever since been applied all over the world. The prosperous company was socialised in 1948 and developed dynamically. The production of fully manufactured medicines was launched in the 60s. The company entered into a great number of licence agreements for the preparation of diverse medicines with international companies (such as Zeneca, Sandoz, Bayer, Hoffmann-La Roche), some of which are still in force. In the 70s the Company started pesticide production as well as additional products and API production. Due to continuous growth, in the 80s the Company became one of the biggest company in the county with its three main product group: API, final products and pesticides. Later in the 90s – called as profile cleaning – the Company to be privatised phased out pesticide production but did not increase number of products to compensate the former mentioned.

In the course of the privatisation following the change of the political regime in Hungary the majority of the company shares were acquired by the ICN Pharmaceuticals Inc. in 1996. The stakes were sold to Sun Pharma Global Inc., a company based in British Virgin Islands in August 2005. Before the sales transaction the former parent company handed over production and sales rights of 85% of final products to the subsidiaries in 2004. and thereafter ALKALOIDA produces these products in less and less volume by Toll Manufacturing. Currently SUN has 99.99% proportion of property in the Company.

Core activities of ALKALOIDA Chemical Company Zrt.

- Vegetable based active pharmaceutical ingredients : morphine alkaloids, codeine and its derivatives as well as Sennozide
- Synthetic API.
- Chloroquine salts used against malaria and rheumatics as well as Phenobarbital used for tranquillisers;
- Intermediate products and finished preparations (some thirty different types of pharmaceutical preparations. Solid dosage forms, tablets, film coated tablets and capsules).

Our medicines are used typically to the following scopes of therapies: cardio-vascular diseases, disorders of the digestive system and those of the nervous system.

Manufacturing Licence of the Company has been extended with import, analyse and release of solid pharmaceutical products from third countries in European Union.

Registered seat of the Company: 4440 Tiszavasvári, Kabay János u. 29.

Business activities of the Company is in Tiszavasvári.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

ALKALOIDA Chemical Company Zrt. has no subsidiary companies in Hungary, abroad are consolidated by SUN Pharmaceutical Industries Ltd. for all companies belonging to the group, accordingly, no consolidated report is prepared by ALKALOIDA.

For consolidation at group level all the companies belonging to the SUN group – so does Alkaloida – supply data. Data supply covers all the transactions between concerns. Data shall be supplied in spreadsheet format in the currency of the transaction and in the reporting currency / accounting currency. Detailed data of the transactions are checked by the companies and observations are circulated to each other in written note.

Consolidation at group level is performed by a consolidation team, transaction within the group are filtered at that level and additional check is performed. If any deviation is observed in transactions supplied by the companies then this team takes measures to have absolute matching.

ALKALOIDA Chemical Company Zrt. has no authorities in any enterprise on the basis of which or in pursuance of the accounting standards it shall be considered as a corporation of joint administration or associate company.

The parameters of any enterprises being in holding relations with the company are included in Annex 3.

Our Company possesses no direct power or power ensuring majority control, nor does it have substantial influence in any business organisation.

According to the 3/2011 resolution of the extraordinary general assembly on 24 February 2011, on the date of balance the Company switched to accounting in USA dollar (USD) and prepares its annual report in USD.

Issued capital stock of the Company: 89.260.220.USD, which is composed of the following elements:

7,033,779 pieces of shares with the face value of 0.006 USD each providing general rights, 14,489,167 pieces of shares with the face value of 6 USD each providing general rights, 36,500 pieces of preference shares, 344,000 pieces redeemable shares and 2,557 pieces of registered shares for small investors with the face value of 0.006 USD each.

The former majority owner, the ICN Pharmaceuticals Inc., sold its equity stake forming its majority ownership on 8 August 2005 to the Sun Pharma Global Inc., based in British Virgin Islands.

On 29 March 2014 the majority ownership of Sun Pharma Global Inc. was assigned to Sun Pharma Holdings belonging to the SUN group registered in Mauritius.

Ownership structure:

Shareholders	Data in USD									
	Number of shares				Par value (thousand HUF)				Percentage of ownership	
	31/03/2015		31/03/2016		31/03/2015		31/03/2016		31/03/2015	31/03/2016
0.015 -USD	15. -USD	0.006 -USD	6. -USD	0.015 -USD	15. -USD	0.006 -USD	6. -USD	%	%	
Sun Pharma Global FZE	0	0	0	0	0	0	0	0	0.00%	0.00%
Sun Pharmaceutical Industries Limited	0	3,000,000	0	0	0	45,000,000	0	0	16.78%	0.00%
Sun Pharma Holdings Limited (previously Nogad Holdings)	7,033,587	14,869,667	7,033,779	14,869,667	105,504	223,045,005	42,203	89,218,002	83.22%	100.00%
Small investors	3,173	0	2,557	0	48	0	15	0	0.00%	0.00%
ALKALOIDA Chemical Company Zrt	1,342	0	0	0	20	0	0	0	0.00%	0.00%
Total	7,038,102	17,869,667	7,036,336	14,869,667	105,572	268,045,005	42,218	89,218,002	100.00%	100.00%

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Capital Structure:

Description	Data in USD			
	31/03/2015	31/03/2016	Eltérés 2016-2015	Index % 2016/2015
Subscribed capital	268,150,577	89,260,220	-178,890,357	33.29%
Capital reserve	316,014,352	296,794,237	-19,220,115	93.92%
Accumulated profit reserve	0	22,694,810	22,694,810	#DIV/0!
Tied-up reserve	0	0	0	0.00%
Net profit per balance sheet	-19,220,114	-10,389,835	8,830,279	54.06%
Own capital	564,944,815	398,359,431	-166,585,384	70.51%

As consolidated report is prepared for all the companies belonging to the SUN group by the mother company, the enterprises involved in the administration of the ALKALOIDA Chemical Company Zrt. do not prepare a consolidated report in Hungary.

2 ACCOUNTING POLICY

a) General Information

The Company shall prepare **annual reports** accordingly it shall perform accounting in accordance with the rules of **double entry book-keeping**.

The Company shall prepare ordinary annual report for the period under review similar to the previous year in Hungarian language in accordance with the accounting standards of Hungary.

The Company, acting upon the accounting system of the parent company, prepares annual report for the period between 01 April 2015 and 31 March 2016, date of balance is 31 March.

Date of reporting shall be: 15 April.

The annual report has been prepared in line with the Hungarian accounting standards with the application of the principle of selling costs.

The Company shall prepare "A" type balance sheet.

The Company shall prepare "A" type profit and loss statement based on the principle of the turnover cost method.

The Company shall prepare the annual report in USD. The accounting, supporting the report is also prepared in USD.

The Company is not subject to the preparation of consolidated statements.

The person authorised to prepare the report and statement, and to control the rules of accounting shall be qualified as a certified accountant, and shall be registered in the List of Accounting Service Providers maintained by the Ministry of Finance, and shall bear all relevant licences entitling to the execution of the mentioned activities.

Name of the person being responsible for the preparation of the report: **Baloghné Levenda Timea**, (4440, Tiszavasvári, Árpád u. 53), recorded in the registry under entry: 176726.

The correctness, reliability and truthfulness of the report for the year under review have been verified by the auditor. Name of the auditor who has checked the report: **Varga János** (4400 Nyíregyháza, Kandó Kálmán u. 12), number of membership at the chamber of auditors: 002059.

b) Major elements of the accounting policy

Under the Act C on Accounting of 2000 the Company (hereinafter referred to as "Act on Accounting") has executed its activities in accordance with the provisions of other statutes on accounting in force.

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SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

In line with the act on accounting the Company has developed its own regulations pertaining to the management of funds, inventory, evaluation of assets and sources, and to the calculation of prime costs.

The Company has specified in its accounting policy, that the application of completeness, authenticity, clearness, commensurability, continuity, consistence, cautiousness, gross accounting, individual evaluation, accrued and deferred items, the dominance of content over form, significance and the cost-profit comparison as principles of accounting shall be ensured in the course of business.

With respect to the report all and any information the omission or incorrect presentation of which may affect the decisions of the users shall be considered essential.

An error or impact of the error with effect on profit and loss or equity capital with the value of which is in excess of 2% of the aggregate amount of the balance shall be qualified as consequential (significant) error during the audit or internal audit.

There is no value limit defined in the Accounting Policy for the year-end revaluation of assets and sources incurred in foreign currency, consequently each item shall be revaluated in the books regardless of the value limit.

When the devaluation is defined a stock shall be qualified as a stock of low value in kind in the case of which the cost of lead through the ledger exceeds the amount of loss in value. For these sorts of stocks the accounting of the devaluation shall be made in proportion of the book value.

For purchased stock the closing stock is shown by weighted average price calculated based on purchasing prices.

The purchased stocks shall be indicated at reduced value which

- Do not conform to the relevant regulations (standards, requirements specified in the supply contract, etc.),
- Do not conform to the originally intended purposes (e.g. due to physical, chemical impacts, or become outdated, etc.) and
- The sale or usage is doubtful, shall be considered as excess stock (e.g. those that are not marketed any longer, or are not usable owing to the changeover of types, etc.)

The closing material stock shall be indicated in the balance sheet with decreased value if the book value of such stocks (at the latest purchase prices) was permanently and significantly higher than that the actual market values thereof known at the time when the balance sheet was prepared.

In the case of stocks of private (own-) production (semi-finished and finished products, work in progress) the closing stock is indicated at actual indirect prime cost.

Devaluation is accounted for stocks of private (own-) production if

- The physical condition of the stock of private (own-) production deteriorated (due to damage, impairment of quality, destruction, etc.),
- The stock of private (own-) production cannot be used for their originally intended purposes (becoming unmarketable, marketable only with considerable reduction, at a discount, etc.),
- The (expectable) selling price of the stock of private (own-) production on the day of balance sheet preparation is lower than the cost of production.

In the case of the retrieval of devaluation the book value of the stock may not exceed the market value in accordance with Section 62, paragraphs (2)-(3) of the Act on accounting.

The following persons shall be authorised as signatories with respect to the annual report:

Harin Mehta, Chairman of the Board of Executives

(address: A 603, Rashumi Avenue, Thakur Complex Kandivli (East) Mumbai – 400 101, India.)

Jayesh Shah, Member of the Board of Executives

(address: 29714, Orion Court, Farmington Hills, Michigan 48334, USA.)

Szilágyi Katalin, Member of the Board of Executives

(address: 4080 Hajdunanas, Damjanich u.8. Hungary.)

Sudir Valia Member of the Board of Executives

(address: 173 Aalap, Hindu Colony, Dadar, Mumbai – 400 014 India)

Principles of valuation at market value:

c) Intangible Assets

The purchase or production cost of intangible assets reduced with the accumulated depreciation shall be indicated at a value not higher than their known market values. Calculation of depreciation shall be made with the application of the linear method, on the basis of the rate of amortisation required for the accounting of the depreciation of intangible assets during their expectable service life.

In the case of intellectual products the rate of amortisation shall be defined individually, and the capitalised value of the development and research activities shall be accounted in 5 to 10 years as cost of depreciation.

Extraordinary depreciation shall be accounted for intellectual products, if they become useless, become damaged or are destroyed, if they cannot be used any longer for research and development activities, if the activities are restricted, terminated or the development activity is closed without results.

Expectable useful life of intangible assets is the following:

Intellectual products	3 to 10 years
Capitalised value of research and development	5 to 10 years

The residual value in the case of intangible assets is specified individually on the basis of the opinion of the IT department, intellectual products under the purchasing value of 500 USD shall be accounted in full amount.

d) Tangible Assets

Tangible assets are included in the balance sheet at purchase value, or at production cost deduced with cumulated depreciation. Calculation of depreciation is made by means of the linear method, on the basis of the rate of amortisation requisite for the depreciation of the value of the assets in the course of their expectable useful lives. The expectable useful lives of assets are the following:

Land and buildings	50 to 100 years
Technological equipment	7 to 10 years
Other equipment	2 to 7 years

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SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

The expectable useful life time of tangible assets is defined with regard to the time of their continuous serviceability. The residual value in the case of tangible assets is specified individually on the basis of the opinion of the technical department.

Assets of an individual value of less than 500 USD are considered as low value tangible assets.

The fundamental criteria of the alteration of accounting and retrieval of the budgeted depreciation and extraordinary depreciation are defined in accordance with the provisions of Sections 53, 57, and 58 of the Act on accounting.

d) Invested Financial Assets

Investments meaning proportion of property are valued at purchase price until their market values permanently decline under their registered value. In this case the market price at the time of balancing shall form basis for the valuation, or– if such is not available – the proportion possessed by the Company in the shareholders' equity as per the statement.

e) Inventory

The purchased stocks are reported at weighted average price calculated based on purchasing prices.

a. The purchased stocks shall be indicated at reduced value which

1. Do not conform to the relevant regulations (standards, requirements specified in the supply contract, etc.),
2. Do not conform to the originally intended purposes (e.g. due to physical, chemical impacts, or become outdated, etc.) and
3. The sale or usage is doubtful, shall be considered as excess stock (e.g. those that are not marketed any longer, or are not usable owing to the changeover of types, etc.)

b. The closing material stock shall be indicated in the balance sheet with decreased value if the book value of such stocks (at the latest purchase prices) was permanently and significantly higher than that the actual market values thereof known at the time when the balance sheet was prepared.

In case of stocks of private (own-) production (semi-finished and finished products, work in progress) the closing stock is indicated at actual production cost.

Devaluation is accounted for stocks of private (own-) production if:

1. The physical condition of the stock of private (own-) production deteriorated (due to damage, impairment of quality, destruction, etc.),
2. The stock of private (own-) production cannot be used for their originally intended purposes (becoming unmarketable, marketable only with considerable reduction, at a discount, etc.),
3. The (expectable) selling price of the stock of private (own-) production on the day of balance sheet preparation is lower than the cost of production.

Use of inventory is as per FIFO principle.

g) Receivables

On the basis of the classification of the customer as debtor the Company accounts devaluation for the outstanding receivables at the balance date of the financial year (including sums lent, or amounts paid in advance, as well as receivable type items existing between accrued and deferred revenues) – on the basis of information available on the day of balancing – in the amount of the – loss type - deviation between the book value of the receivables and the amount of the receivables anticipated to be refunded, if the mentioned difference appears permanently and is of material value.

If on the basis of the classification of the customer as debtor, the amount of the receivables anticipated to be repaid significantly exceeds the book value of the receivables, the difference shall be deduced with the devaluation accounted earlier by means of retrieval. Through the retrieval of the devaluation the booked value of the receivables will not be in excess of the value of registration.

The original registration value of the receivables, or the retrieved and cumulated devaluation accounted in the financial year are itemised according to the balance sheet in Section 6 below.

h) Securities

The securities reported among the current assets are indicated in the balance sheet at cost price until their value decreases permanently below the registration value.

i) Accounting of Securities and Transactions in Foreign Currency

In accordance with Section 60 of the Act on accounting, - among the optional possibilities - the valuation of the assets and liabilities other than in USD shall be accounted at the middle exchange rate being valid on the day of the transaction and announced by MNB. The profit or loss on the exchange rate due to the exchange rate difference on the day of the effectuation of payment and the actual date of the business transaction shall be reported in the financial statement.

The valuation of assets and sources registered in liquid assets of foreign currency is made in the balance sheet as follows:

The currency supplied recorded in the balance sheet under the currency cash desk line, the foreign exchange on the foreign currency account, additionally all receivables for outstanding payments and liabilities in foreign currency – as classified in accordance with Sections 54-55 of the Act on accounting -, shall be indicated in the balance sheet in USD in accordance with middle exchange rate announced by MNB on the balance day of the financial year. No value limit of effects of the exchange rate difference that could be significant in terms of profit or loss regarding the valuation of assets and liabilities in foreign money value on the balance day is defined by our Company.

The difference of the booked values of foreign exchange in the currency cash desk, and on the foreign currency account, as well as the receivables not in USD, the invested financial assets, securities, and liabilities prior to valuation on the balance day and that of the value in USD on the day of valuation:

a) shall be accounted as loss on exchange rate, if it is loss when cumulated, under the line Other expenses on financial transactions,

b) shall be accounted as profit on exchange rate, if it is profit when cumulated, under the line Other incomes from financial activities.

j) Revenues

The turnover (net sales) shall be accounted on the day of effectuation, excluding value added tax.

k) Provisions

Our Company forms provisions against the income before tax for the payment liabilities to third parties deriving from past transactions and transactions and contracts in progress (pending liabilities, future liabilities, payment liabilities owing to proceedings in progress), that – according to the information available on the balancing – are expected or are sure to occur, but whose amount or due dates are uncertain at the time of balancing, but the coverage is not otherwise ensured by our Company for such liabilities.

l) Corporate Tax

Corporate tax shall be accounted in the income statement in pursuance of the tax regulations being in force in the year under review. Our Company shall not pay corporate tax in the tax year concerned owing to the business performance of the year under review.

m) Valuation at Real Value

ALKALOIDA Chemical Company Ltd. shall not avail itself of the opportunity of valuation at real value, thus there exists neither valuation difference not valuation reserve for real valuation in the balance sheet, and the income statement includes no valuation difference either.

3. FINANCIAL STATUS AND LIQUIDITY

No financial event occurred following the balance date that would materially influence the report of the Company dated on 31 March 2016.

The rate of the payments is stable due to the good liquidity and financing situation. The rate of the overdue receivables has decreased compared to last year's figures.

Hereafter we are presenting the variations of the Lines of the Balance Sheet projected in the view of changes before 31 March 2016.

The balance sheet includes no adjustments pertaining to the previous periods. There is no item in the balance sheet that could be indicated as entry in more than one line in the balance sheet.

The data of the balance sheet – apart from the rearrangements required by the alterations in the provisions of the relevant statutes – are comparable to the relevant data of the previous reporting period.

There are no invisible or unclosed transactions by the balance date, such as pending or certain future liabilities.

There exists no financial liability not indicated in the balance sheet that would be significant in terms of the evaluation of the financial status.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

• composition of assets

Description	Data in USD			
	31/03/2015	31/03/2016	Deviation	Index % 2016/2015
Intangible assets	46,153	44,202	-1,951	95.77%
Tangible assets	40,745,591	43,607,939	2,862,348	107.02%
Invested financial assets	478,117,243	488,237,206	10,119,963	102.12%
Fixed assets	518,908,987	531,889,347	12,980,360	102.50%
Inventories	38,368,059	36,617,957	-1,750,102	95.44%
Receivables	148,297,471	5,902,317	-142,395,154	3.98%
Securities	5,008	0	-5,008	0.00%
Liquid assets	14,341,843	6,873,517	-7,468,326	47.93%
Current assets	201,012,381	49,393,791	-151,618,590	24.57%
Accrued and deferred assets	2,193,135	2,393,445	200,310	109.13%
Total of assets	722,114,503	583,676,583	-138,437,920	80.83%

The decrease of intangible assets has been caused by accounted depreciation in the reported period.

The increase in the tangible assets has been caused by investments exceeding the net value of the accounted depreciation and of the scrapped tangible assets. The value of the activated capital expenditure is 6,017.3 thousand USD, and the stock of WIP capital expenditure is 1,216.8 USD in the reported period.

For the invested financial assets decrease in the reported period comes from the decrease of the stock of long-term credits given to associated companies within the group.

The inventories have increased in total: unfinished and semi-finished stocks as well as advances provided for stocks have decreased and stock of materials and finished products have increased. The significant decrease of receivables has been caused by decrease in the stock of receivables due from associated companies. Stock of other receivables has slightly decreased.

The stock of the deferred assets has increased in the reported period. The stock of the deferred assets has come from increase of the interest incomes from loans given to partner companies (redemption), sum of deferred assets of other, incomes and expenses has decreased.

• composition of sources

Description	Data in USD			
	31/03/2015	31/03/2016	Deviation	Index % 2016/2015
Issued capital stock	268,150,577	89,260,220	-178,890,357	33.29%
Capital reserve	316,014,352	296,794,237	-19,220,115	93.92%
Profit reserve	0	22,694,810	22,694,810	#DIV/0!
Tied up reserves	0	0	0	0.00%
Profit or loss per balance sheet	-19,220,114	-10,389,835	8,830,279	54.06%
Equity capital	564,944,815	398,359,431	-166,585,384	70.51%
Provisions	0	0	0	0.00%
Deferred liabilities	0	0	0	0.00%
Long-term liabilities	152,357,919	180,875,133	28,517,214	0.00%
Short-term liabilities	2,590,220	1,790,984	-799,236	69.14%
Liabilities	154,948,139	182,666,117	27,717,978	117.89%
Accrued and deferred liabilities	2,221,549	2,651,035	429,486	119.33%
Total of Sources	722,114,503	583,676,583	-138,437,920	80.83%

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

On the side of Sources there has been major changes in the equity capital during the reported period. The board of directors initiated capital decrease during the financial year based on 7/2014. Resolution (20 11 2014), by reduction of face value of shares after which 3,001,177 shares were repurchased and redeemed. Registration by Registry Court happened on 20 January 2016.

The negative profit of the current financial year and of the previous year has reduced the equity capital in both years.

The provisions include the amounts separated for the liabilities connected to legal contests.

The increase in the long-term liabilities is formed by the recent loans received from the parent company.

Accrued and deferred liabilities has decreased significantly due to decrease of interest payment liabilities. The bigger items are the accrued one-month salaries, the energy costs, the innovation fees.

• Development of equity capital and liabilities

Data in USD

Description	31/03/2015	Appropriation	Transfer from Capital reserve to Profit	Capital decrease	Cancellation of repurchased own shares	Profit or loss according to balance sheet	31/03/2016
Issued capital stock	268,150,577			-160,890,346	-18,000,011		89,260,220
Capital reserve	316,014,352		-19,220,114				296,794,237
Profit reserve	0	-19,220,114	19,220,114	160,890,346	-138,195,536		22,694,810
Tied up capital	0						0
Profit or loss per	-19,220,114	19,220,114				-10,389,835	-10,389,835
Total	564,944,814	0	0		-156,195,547	-10,389,835	398,359,431

In terms of the elements of the equity capital the following changes occurred in financial year ended on 31 March 2016:

- **Issued capital stock**
Issued capital has decreased significantly due to repurchase of shares and capital decrease.
- **Capital surplus**
Capital surplus has decreased by the amount posted up into the profit reserve.
- **Profit reserve**
Changed by the profit of previous financial year, by the capital reserve posted up, by the capital decrease and by the redeem of shares.
- **Profit or Loss according to the balance sheet**
This amount in the accounted period: -10,389,835 USD.

The figures required for the analysis of the financial situation of the Company are included in Annexes 6-7-8.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

4. SUPPLEMENT TO THE DATA OF THE REPORT

The Company prepares balance sheet type "A", respectively turn over cost method-based profit and loss statement type "A". The balance sheet and the profit and loss statement contain no further breakdown in addition to the breakdown prescribed in the Accountancy Act.

1. Intangible assets	31/03/2016	44,202 USD
	31/03/2015	46,153 USD

The development of the value of the intangible assets during the year is illustrated by those contained in annex No. 1.

During the course of fiscal year finishing on 31 March 2016, the value of the intangible assets of the Company was increased by acquisition of software's:

	Data in USD
Description	31/03/2016
Various softwares	11,220
Total	11,220

The accounting method of the depreciation of the intangible assets has not changed compared to the past year.

2. Tangible assets	31/03/2016	43,607,939 USD
	31/03/2015	40,745,591 USD

The value of the tangible assets developed during the course of the year according to those contained in annex No.2.

In the reporting period the Company continued investments and reconstruction started in 2005, and, as a result, the net value of the stock of tangible assets has increased. Changes is shown in Annex no. 2.

Renewing and expanding of tangible assets are in process.

The method of accounting for depreciation in the case of tangible assets has not changed compared to last year.

3. Leased assets

Our Company signed leasing contract on cars with value of 39,155 USD in the reporting period, net value of the same at the end of the reporting period is 18,069 USD.

4. Financial investments	31/03/2016	488,237,206 USD
	31/03/2015	478,117,243 USD

The change in the Company's shares are presented in Annex no.3.

The decrease in holdings is due to accounted depreciation.

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SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

The stock of long-term loans given to partner companies belonging to the group has slightly increased.

At the end of the reported period this sum was 229,044,810 USD.

The balance of other long term loans is zero.

5. Inventory

31/03/2016	36,617,957 USD
31/03/2015	38,368,059 USD

Data in USD

Description	31/03/2015	31/03/2016	Index %
Raw Materials and consumables	7,628,744	9,916,086	129.98%
Semi-finished goods and work in progres	10,473,331	8,216,026	78.45%
Live stock	-	-	0.00%
Finished goods	16,362,033	17,100,065	104.51%
Goods	-	-	0.00%
Advance payments for stock, goods	3,903,951	1,385,780	35.50%
Total	38,368,059	36,617,957	95.44%

Within the inventory devaluation accounted for the financial year was 0 USD concerning purchased stock (in 2015. 104,715 USD devaluation was accounted), and 1,915,153 USD (8,198,236 USD in 2015) was accounted as devaluation concerning self-manufactured stocks. In case of purchased inventory value of inventory deficit and reject 14,930 USD (in 2015 7,501 USD), in case of own manufactured inventory it is 206,595 USD (in 2015 it was 168 USD).

Increase in the value of the purchased materials is caused by significant increase of raw materials and packaging materials, value of technical and other materials has slightly decreased.

The decrease in the stock value of work in progress and semi-finished products is practically caused by the decrease of stock of morphine derivatives.

As for the finished products increase of finished goods is significant, for actives increase is slightly.

6. Receivables

31/03/2016	5,902,317 USD
31/03/2015	148,297,471 USD

Trade receivables

31/03/2016	820,968 USD
31/03/2015	568,808 USD

Receivables from related companies

31/03/2016	1,918,900 USD
31/03/2015	143,952,873 USD

Receivables from related companies' worth of 1,918,900 USD, part of which is advance provided as well as trade and service receivable.

At the end of the period the Company has no overdue receivables at related parties. Depreciation accounted as other expenses does not concern related parties.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Classification of receivables

Description	Data in USD	
	31/03/2015	31/03/2016
Due receivables	459,495	601,856
Overdue receivables	109,313	219,112
of which: between 0-90 days	109,313	160,782
between 91-180 days	-	58,330
between 181-360 days	-	-
over 360 days	-	-
Total	568,808	820,968

The change in the devaluation of the receivables during the year developed as below:

Description	Data in USD	
	31/03/2015	31/03/2016
Opening	29,117	60,949
Growth in devaluation	34,868	180,296
Devaluation writeback	3,036	13,779
Bad debt write-off	0	37,723
Closing	60,949	189,742

The Company charged devaluation only on overdue receivables similarly to the previous year within accounted devaluation.

37,723 USD was accounted as bad debt in the accounting period.

Other receivables

31/03/2016	3,162,449 USD
31/03/2015	3,775,790 USD

The details of other receivables are shown in the table below.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Data in USD		
Other receivables	31/03/2015	31/03/2016
Advance payments for services	-	0
Other receivables	-	-
Advance payment for salary to employee	2,241	12,480
Direct debit	-	-
Prescribed debt of quit employees	-	-
Advance payments against rendering account	821	790
Travel ticket	-	-
Clearance account	9,726	5,759
Refundable VAT	3,722,244	3,108,617
Down payment for travelling	-	544
Luncheon vouchers	16,864	8,076
Energy cost support	-	-
Caution	-	-
AMEX card	-	-
Insurance clearance account	-	-
Balance account with employee	-	-
Personal income tax balance	2,097	-
Communal tax	-	-
Short term loan given to employee	1,335	1,267
Cafeteria	20,462	24,915
Total	3,775,790	3,162,449

From among the balances of the other receivables the below deserve attention: consolidated balance of general ledger numbers 466-468 containing tax reclaim, that slightly decreased by the end of accounted period.

7. Securities

<u>31/03/2016</u>	<u>0 USD</u>
31/03/2015	5,008 USD

Repurchased own shares with value of 5,008 USD of the previous year has been redeemed in this financial year.

8. Cash and Bank

<u>31/03/2016</u>	<u>6,873,517 USD</u>
31/03/2015	14,341,843 USD

In the reported period the Company had four account-keeping banks before 08 10 2015 after which it had three. Raiffeisen Bank Zrt., CIB Bank Zrt., ING Bank N.V. Hungarian Branch and before 08 10 2015 OTP Bank Nyrt.

The company has HUF and foreign exchange account at all of the banks mentioned except OTP, account turnover is most considerable at ING. Other part of account turnover is shared by CIB and Raiffeisen in similar rate. Account kept at OTP with little turnover – kept only for loans provided for employees – was terminated in the financial year.

9. Prepayments and accrued incomes

<u>31/03/2016</u>	<u>2,393,445 USD</u>
31/03/2015	2,193,135 USD

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Description	Data in USD		
	31/03/2015	31/03/2016	Index %
Services, sold energy	22,819	17,811	78.05%
Interest on deposits tied up	1,801,035	2,107,570	117.02%
Accrued income	1,823,854	2,125,381	116.53%
IT cost	5,387	2,212	41.06%
Car tax	864	1,077	124.60%
Spare parts	8,254	-	0.00%
Fine chemicals consumption	-	-	#DIV/0!
Energy sulpply fee	11,736	-	0.00%
Bank Guarantee	1,897	1,529	80.57%
Insurance fee	15,221	15,168	99.65%
Membership fees	243,737	162,647	66.73%
Construction and civil engineering tax	79,686	82,025	102.93%
Subscription fees	2,499	3,406	136.29%
Accrued expenses	369,281	268,064	72.59%
Deferred expenses	-	-	0.00%
Total	2,193,135	2,393,445	109.13%

The amount of deferred income has increased in the reported period, what is due to the increase of deferred interest income.

10. Shareholder's equity

31/03/2016	398,359,431 USD
31/03/2015	564,944,815 USD

We mentioned the changes in capital resources elements in Point 3. Financial status and liquidity.

11. Provisions

31/03/2016	0 USD
31/03/2015	0 USD

Changes of provisions as the following table.

Description	Data in USD		
	31/03/2015	31/03/2016	Index %
Pending lawsuits	-	-	0.00%
Penalties and fines (air pollution, waste water)	-	-	0.00%
Total	0	0	#DIV/0!

The balance of the provisions is represented only by amounts to be paid on expected liabilities (fines related to environment protection regulations) to be shown pursuant to the Accountancy Act, and provisions accumulated for pending lawsuits.

No provisions were made in the current period.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

12 Long term liabilities	31/03/2016	180,875,133 USD
	31/03/2015	152,357,919 USD

The long term liabilities are formed from long-term loans given by the parent company as well as amount of beyond year leasing liabilities.

13 Short term liabilities	31/03/2016	1,790,984 USD
	31/03/2015	2,590,220 USD

The short-term liabilities are formed from suppliers' liabilities and other liabilities.
The stock of the short- and long-term loans is introduced by annex No.4.

Other liabilities:

Description	Data in USD		
	31/03/2015	31/03/2016	Index%
Amex card account	-	-	0.00%
Distrain	-	-	0.00%
Transfer deposit of employees	-	-	0.00%
Personal income tax	-	-	0.00%
Balance of other liabilities	-	-	0.00%
Social Insurance liability stipulation	-	-	0.00%
Insurance account	-	-	0.00%
Communal taxes	29,366	55,756	189.86%
Other	237,766	4,969	2.09%
Total	267,132	60,725	22.73%

At the end of the reported period balance of other liabilities is from local taxes as well as cost of collection.

14. Accrued and deferred liabilities	31/03/2016	2,651,035 USD
	31/03/2015	2,221,549 USD

Classification of accruals as per the following table:

Description	Data in USD		
	31/03/2015	31/03/2016	Index%
Deferred income	-	-	0.00%
Deferred costs	1,328,489	1,031,653	77.66%
Deferred expenditures	354,624	1,101,031	310.48%
Accrued income	538,437	518,350	96.27%
Total	2,221,549	2,651,035	119.33%

The details are shown in the below chart.

ALKALOIDA Chemical Company Zrt.
SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Data in USD			
Description	31/03/2015	31/03/2016	Index%
Total deferred cost and accrued income	2,221,549	2,651,035	119.33%
Deferred costs and expenses	1,683,112	2,132,685	126.71%
Interest on loan	354,623	1,101,031	310.48%
Bonus	-	-	0.00%
Maintanance	87,489	72,973	83.41%
Environmental protection cost	415,776	149,302	35.91%
Audit	17,503	15,649	89.40%
Energy supply	251,465	174,378	69.34%
Wages, staff reduction related costs	409,254	451,249	110.26%
Leasing fee	-	325	0.00%
Safety technology cost	36,114	28,629	79.27%
IT costs	-	-	0.00%
Other service	13,600	39,758	292.34%
Post expenses	538	542	100.79%
Innovation fee	6,691	-	0.00%
Fuel cost	3,101	2,632	84.87%
Contract labour cost	80,143	59,648	74.43%
Travel	-	-	0.00%
Wage accounting cost	-	-	0.00%
Transportation cost	2,994	2,657	88.74%
Export commission	1,825	-	0.00%
Marketing cost	-	33,913	0.00%
Material costs	1,996	-	0.00%
Custody account fee	-	-	0.00%
Penalties	-	-	0.00%
Accrued income	538,437	518,350	96.27%
Accrued income	538,437	518,350	96.27%

15. Net sales

	31/03/2016	13,445,362 USD
	31/03/2015	12,784,987 USD

Domestic and export sales as the followings:

Data in USD			
Description	31/03/2015	31/03/2016	Index%
Domestic	1,169,684	1,148,633	98.20%
Export	11,615,303	12,296,729	105.87%
Total	12,784,987	13,445,362	105.17%

Net sales of the year is 105.2 % of the last year net sales.

ALKALOIDA Chemical Company Zrt.**SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)**

Export sales in the accounting period developed as below broken down by geographically separated markets:

Description	31/03/2015	31/03/2016
	USD	USD
Europe	4,245,666	3,666,710
of which: EU	2,956,178	2,957,519
America	2,676,065	4,767,886
Asia	4,484,178	3,638,907
Africa	208,318	223,226
Australia	1,076	0
Total	11,615,303	12,296,729

The company has not got any export subvention in this period.

16. Other income	31/03/2016	309,169 USD
	31/03/2015	498,435 USD

Details as below.

Description	Data in USD	
	31/03/2015	31/03/2016
Revenue from sale of intangible and tangible	41,900	1,835
Revenue related to previous years	-	-
Writeback of receivable devaluation from previous	3,036	13,779
Other	13,634	103,571
Rounding	-	-
Received delay interest, compensation	9,765	1,779
Provision writeback	430,100	-
Received subsidy for costs compensation	-	188,205
Total	498,435	309,169

No provision was made with aware of the facts.

17. Breakdown of cost by types of cost

Description	Data in USD	
	31/03/2015	31/03/2016
Capitalised value of own performance	8,544,633	598,552
Capitalised value of self produced assets	-	-
Change in self-produced inventory	346,397	- 1,316,601
correction of change of stocks/ devaluation	8,198,236	1,915,153
Material related expenses	22,437,025	17,219,136
Material cost	12,158,130	10,541,520
Services rendered	9,907,272	6,375,022
Cost of goods sold	128,530	110,667
Intermediated services	2,915	2,598
Value of other services	240,178	189,329
Staff expenses	7,619,432	6,435,201
Wages and salaries	5,306,091	4,546,586
Personal related expenses	770,313	680,620
Social security contribution	1,543,028	1,207,995
Depreciation and amosrtisation	2,792,797	3,034,553

17 b. For those who prepare profit and loss statement type turnover cost method

Description	Data in USD	
	31/03/2015	31/03/2016
Cost of sales	19,546,354	21,295,194
Cost of goods sold	128,530	110,666
Intermediated services	2,916	2,598
Direct costs of sales	19,677,800	21,408,458
Management costs	4,237,164	3,851,257
Sales, marketing costs	194,599	616,206
Other overhead	195,058	214,417
Indirect costs	4,626,821	4,681,880

18. Other expenditure	31/03/2016	2,555,507 USD
	31/03/2015	9,441,529 USD

Details of other expenditure is shown in the below chart.

Description	Data in USD	
	31/03/2015	31/03/2016
Devaluation Inventory and receivable	8,337,819	2,095,449
Extraordinary depreciation of tangible assets	-	-
Net value of assets sold	1,026	-
Taxes	14,074	42,797
Fines	2,188	14,697
Non-invoiced discount	-	-
Compensation for damages	-	1,753
Other	80,794	12,191
Scrapping	470,162	-
Late interest	259,766	304
Environment pollution fee	22,484	8,531
Accumulation of provisions	-	-
Refunding to OEP	18,747	14,199
Rounding	6,172	100
Law suit costs	59,868	22,593
Other expenditures	168,429	342,894
Total	9,441,529	2,555,507

19. Result of financial operations

31/03/2016	4,481,600 USD
31/03/2015	1,160,724 USD

Description	Data in USD	
	31/03/2015	31/03/2016
Income from fin.transactions		
Other interest received	28,487	4,398
Dividens received	-	-
Interest, int.related revenue, exchange gain	-	-
Exchange gain on sale of shares	-	-
Interest received from related companies	10,879,423	6,886,273
Other revenues from financial transactions	52,964	1,330,511
Revenues from financial trans.	10,960,874	8,221,182
Other expenses related to fin. trans.		
Interest paid	2,990	2,381
Exchange loss on fin. Investments	11,530	2,473,360
Interest paid to related companies	3,125,429	1,101,031
Receivables,liabilities, exchange loss	6,660,202	162,811
Expenses on financial transactions	9,800,150	3,739,582
Profit (loss) of financial transactions	1,160,724	4,481,600

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

20. Extraordinary profit (loss)	31/03/2016	19,879 USD
	31/03/2015	81,890 USD

Data in USD

Description	31/03/2015	31/03/2016
Extraordinary expenditure		
Goods given to parties free of charge	669	-
Own share bought back (withdrawal)	-	-
Book value of released receivables	-	-
Supprt redereed	-	-
Funds transferred definitively	2,560	1,085
Total	3,229	1,085
Extraordinary revenue		
Market value of assets received as present	19,844	19,844
Own share bought back	-	-
Assets received free of charge	716	878
Other	64,559	243
Total	85,119	20,964
Extraordinary profit or loss	81,890	19,879

Extraordinary revenue are the value of surplus assets found, excess inventory stock value while stocktaking. Value of assets received as a gift comes from depreciation of assets got free of cost (waste water sludge composting device) from local Self Government as well as value of materials received free of cost.

ALKALOIDA Chemical Company Zrt.
SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)
21. Taxation

Correlation's between the outcome forming basis of accounting and taxation:

	Data in USD	
Corporate Tax	31/03/2015	31/03/2016
Income before taxation	-19,220,115	-10,389,835
Items deductible from income before tax		
Use of provisions	430,100	-
Amount accountable in accordance with Section 17 of the Act on Accounting from the deferred loss of the previous tax	-	-
Depreciation accounted as per the act on taxation, and the registration value defined when the asset was derecognised	3,034,773	3,121,525
Dividends received	-	-
Cooperation agreement with educational institutes, 12 % of the minimal wage per student	0	-
The amount of previous years impairment reversal	-	-
Irrecoverable receivables, retrieval of devaluation	-	-
Non-repayable subsidies, assets taken over /the retrieved amount shall be considered as revenue in the tax year when the accrued and deferred liability is terminated/	-	-
Employment of disabled persons, less than 20 persons	-	-
Valuation of foreign receivables and liabilities	-	-
Amount of revenue, reduction of expenses settled during the year self-audit	-	-
Total	3,467,909	3,135,304
Items increasing the income before tax		
Provisions	-	-
Depreciation accounted as cost and the amount accounted as expenditure when the asset is derecognised	3,262,958	3,034,563
Amount of devaluation accounted as expenditure for receivables	34,868	180,296
Costs related to activities other than business	3,229	-
Binding judgements	60	14,697
Interest amount of average loans over the tree times of issued caital	-	-
Increase of capital reserve as a result of conversion to foreign currency.	-	-
Not realised exchange loss on long term investment	-	-
Valuation of foreign receivables and liabilities	-	-
Difference between market price actual price applied to group companies /interest free loan/	4,489,832	3,412,566
Amount of expenses, reduction of revenues settled during the year self-audit	-	-
Total	7,790,947	6,642,122
Tax base	-14,897,077	-6,883,018
Corporate tax	0	0
Profit after tax	-19,220,115	-10,389,835

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Tax base calculated from income before tax as per modification of effective tax rules is negative.

Following table presents tax base calculated based on income minimum.

Data on prior year are for information only minimum income calculation is concerned for the accounted period.

Description	Data in USD	
	31/03/2015	31/03/2016
Total income	24,329,414	21,996,678
Purchase value of goods sold	131,446	113,265
Adjusted income	24,197,968	21,883,413
2% of adjusted income	483,959	437,668
Tax base	483,959	437,668
Tax liability based on minimum income calculation	77,433	70,027

The tax authority shall be entitled to carry out the auditing of the accounts and books any time within 5 years following the year of taxation under review, and may levy additional tax or fines.

NAV (tax authority) carried out overall inspection from 20 February 2014 to 22 December 2014. The Company inspection covered period between 01 April 2011 and 31 March 2013, considering all tax return by post-checking of reports.

22. Transactions with associated companies in the framework of participation

The following transactions were executed by the Company during the year under review in the framework of participation with associated companies:

Associated Company	Data in USD		
	Customer turnover	Supplier turnover	Customer/Supplier turnover
Reanal Ltd.	0	0	0
Total	0	0	0

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

We had following transactions with the affiliated companies.

Data in USD			
Associated Company	Customer turnover	Supplier turnover	Customer/Supplier turnover
SPIL India	1,776,999	1,912,489	-135,490
SPII USA	3,629,974	75,746	3,554,227
Aditya Acquisition Israel	-	85,656	-85,656
SP Europe	76,088	-	76,088
SP Italy	80,753	-	80,753
SP UK	50,829	-	50,829
SP Germany	29,346	-	29,346
SP Spain	16,061	-	16,061
SP France	28,913	-	28,913
TARO Pharm. Canada	4,369	-	4,369
TARO Hungary Kft.	1,500	-	1,500
SP Australia	-	995,425	-995,425
Alkaloida Sweden	18,348	-	18,348
SC Terapia	82,000	-	82,000
Basics GmbH.	-	405	-405
Mutual Pharm.	-	281,703	-281,703
Ranbaxy (UK) Ltd.	-	20,043	-20,043
SPG FZE	25,073	-	25,073
Total	5,820,251	3,371,467	2,448,785

23. Liabilities and pending liabilities

a) Summary on the environmental protection activities implemented in the reported period:

The biological sewage-treatment plant has been operated continuously. The sewage sludge forming during the cleaning and considered to be hazardous waste has been disposed of through composting.

Hazardous waste has been incinerated during the reporting period. Non-hazardous waste has been deposited.

The following returns and reports concerning the previous year have been prepared for the environmental protection authority:

- Report on hazardous and non-hazardous wastes,
- Report on air contamination point sources and on organic solvent emission sources,
- Underground water protection data sheets (tank parks and sewage plant),
- Water quality basic and annual reports on sewage emission to surface waters;
- We have calculated the 2015 years' amounts of air and water loading charges payable to tax authority.

The environmental protection authority has not charged us by water pollution fine for year 2015. Charging air pollution fine is not expected.

ENCOTECH Ltd. has prepared study on imission of air required by Authority. Read values were under the specified limits.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

Három Kör DELTA Ltd. has completed the ground water and shallow ground water monitoring tests, to be performed twice a year as required by the authority, and submitted the concerning evaluative report. Following authority order the existing system was completed with new wells drilled.

The operation of the groundwater discharging system at the contaminated areas marked SZ-I-SZ-VIII-SZ-X by ELGOSCAR-2000 Ltd. was continuous.

Remediation of SZU-II. was continuous in the reported period, hazardous waste was deposited and contaminated air coming from strippers was incinerated.

Recovery system for remediation activities of the area behind Incinerator has been completed, trial operation has been started.

24. Business administration, management and board of supervisors

The executive officers, the members of the executive board and the business administration received no emoluments for their activities in the year.

Management of the Company along with Work Council made an agreement in 2007 on not selecting Board of Supervisors as per opportunity given as per Act on Companies (2006 year IV. Act). The Act has been replaced with the Civil Code (Act V. of year 2013) so far as per which regulation of establishing Board of Supervisors is unchanged.

According to the 3/2011 resolution of the extraordinary general assembly on 24 February 2011, on the date of balance the Company switched to accounting in USA dollar (USD) and prepares its annual report in USD.

ALKALOIDA Chemical Company Zrt.

SUPPLEMENTARY ANNEX FOR THE YEAR ENDING ON 31 March 2016 (Data in USD)

25. Wage figures and staff number

The development of wages and personal allowances, and the contributions related thereto in the reported period:

Staff group	Average statistical headcount	Wage costs	Contributions of wages	Other Compensation	Staff costs altogether
	persons	Data in USD			
Full-time, blue collar	216	2,051,580	545,090	307,120	2,903,790
Full-time white collar	138	2,469,962	656,251	369,751	3,495,964
Part time employees	4	25,044	6,654	3,749	35,447
Others not in staff	0	0	0	0	0
Total	358	4,546,586	1,207,995	680,620	6,435,201

26. Cash-flow statement

The Cash-Flow statement dated on 31 March 2016 is included in Annex 5.

Tiszavasvári, 15 April 2016

Mihály Kaszás
Company Manager

INTANGIBLE ASSETS
2015/2016

Description	Opening 31/03/2015 USD	Addition USD	Deletion USD	Closing 31/03/2016 USD
Gross value				
Capitalised value of foundation and restructuring costs				
Capitalised value of research and development	2,781,292			2,781,292
Concessions and similar rights and assets k				
Intellectual property	403,711	11,220		414,930
Goodwill				
Advance payments on intangible assets				
Revaluation of intangible assets				
Total	3,185,003	11,220	0	3,196,222
Depreciation				
Capitalised value of foundation and restructuring costs				
Capitalised value of research and development	2,775,395	2,139		2,777,535
Concessions and similar rights and assets k				
Intellectual property	363,454	11,032		374,486
Goodwill				
Advance payments on intangible assets				
Revaluation of intangible assets				
Total	3,138,849	13,171	0	3,152,020
Net value				
Capitalised value of foundation and restructuring costs				
Capitalised value of research and development	5,897	-2,139		3,757
Concessions and similar rights and assets k				
Intellectual property	40,257	188		40,445
Goodwill				
Advance payments on intangible assets				
Revaluation of intangible assets				
Total	46,153	-1,951	0	44,202

TANGIBLE ASSETS
2015/2016

Description	Opening 31/03/2015 USD	Addition USD	Deletion USD	Closing 31/03/2016 USD
Gross value				
Land and buildings and related concessions and similar	47,112,272	3,880,805		50,993,077
Technical equipment, machinery and vehicles	26,674,328	1,509,959		28,184,287
Other equipment, fittings and vehicles	9,376,850	615,955	5,181	9,987,623
Breeding stock				
Capital WIP, renovations	1,385,951	5,848,153	6,017,297	1,216,807
Advance payments on Capital WIP	41,273	230,490	184,335	87,428
Revaluation of tangible assets				
Total	84,590,673	12,085,362	6,206,813	90,469,222
Depreciation				
Land and buildings and related concessions and similar	14,072,740	1,409,930		15,482,670
Technical equipment, machinery and vehicles	22,926,353	833,972		23,760,325
Other equipment, fittings and vehicles	6,845,989	777,480	5,181	7,618,288
Breeding stock				
Capital WIP, renovations				
Advance payments on Capital WIP				
Revaluation of tangible assets				
Total	43,845,083	3,021,382	5,181	46,861,283
Net value				
Land and buildings and related concessions and similar	33,039,532	2,470,875	0	35,510,407
Technical equipment, machinery and vehicles	3,747,974	675,987	0	4,423,962
Other equipment, fittings and vehicles	2,530,860	-161,526	0	2,369,335
Breeding stock				
Capital WIP, renovations	1,385,951	5,848,153	6,017,297	1,216,807
Advance payments on Capital WIP	41,273	230,490	184,335	87,428
Revaluation of tangible assets				
Total	40,745,591	9,063,980	6,201,631	43,607,939

**Long term investments in related companies
2015/2016**

USD					
Company	Location	Proprietary share (%)	Nominal value		Book value USD 31/03/2016
			Currency	Value	
Domestic					
Reanal Finomvegyszergyár Zrt.	Hungary	0.81	THUF	388,940	102,934
Total domestic					102,934
Overseas					
Taro Pharmaceutical Industries Ltd	Israel	60.9	ILS	2,711	239,842,016
Sun Ph. Industries (Europe) BV	Netherlands	100	EUR	18,000	20,443
Aditya Acquisition Company Ltd	Israel	100	ILS	1	0
Sun Pharmaceuticals UK Ltd.	Great-Britain	100	GBP	1,000	1,439
Sun Ph Germany GmbH	Germany	100	EUR	25,000	28,393
Sun Pharmaceuticals France	France	100	EUR	37,000	42,021
Sun Pharmaceuticals Italia Srl.	Italy	100	EUR	4,516,157	6,420,085
Sun Pharmaceuticals Spain	Spain	100	EUR	3,100	3,521
SUN Farmacêutica do Brasil Ltda	Brazil	99.58	BRL	23,307,436	11,749,882
Alkaloida Sweden	Sweden	100	SEK	7,133,445	877,820
Sun Pharmaceuticals Switzerland	Switzerland	100	CHF	100,000	103,843
Total overseas					259,089,462
Total investments					259,192,396

Long term liabilities to related companies								
Lender	Outstanding loan 31/03/2016	Currency	Exchange rate on 31/03/2016	Revaluation USD	Outstanding in original currency			
					Maturity	Below one year	Between 1 and 5 years	Interest rate (p.a.)
Sun Pharma Global FZE	55,862,124	USD	1	55,862,124	2017.03.31		55,862,124	2.70%
Sun Pharma Global FZE	125,000,000	USD	1	125,000,000	2017.03.31		125,000,000	
Total	180,862,124			180,862,124			180,862,124	

CASH-FLOW STATEMENT FOR THE YEAR 2015/2016 ("A" TYPE)

USD

No.	Designation	Previous year 31/03/2015	Reference year 31/03/2016
	I. Change in cash out of ordinary activity (lines 1-13.)	-165,524,769	138,696,447
	(operational cash flow)		
1	± Profit or loss before tax	-19,220,114	-10,389,835
2	+ Depreciation charge	2,792,797	3,034,553
3	± Loss in value/write back of loss in value	8,831,754	4,777,316
4	± Difference between provisions made and used	-430,100	
5	± Proceeds from sale of invested assets	-40,873	-1,835
6	± Change in trade accounts payable	55,891	-532,120
7	± Change in other short term liabilities	199,849	-267,115
8	± Change in accrued expenses	-11,108,568	429,486
9	± Change in trade accounts receivables	-464,259	-718,187
10	± Change in current assets (except for: trade accounts and liquid assets)	-157,695,857	142,564,494
11	± Change in prepaid expenses	11,554,711	-200,310
12	- Corporate tax paid (payable)		
13	- Dividend paid (payable)		
	II. Change in cash provided by operating activities (lines 14-16.)	-1,935,944	-6,311,075
14	- Purchase of invested assets	-1,977,844	-6,312,911
15	+ Sales of invested assets	41,900	1,835
16	+ Dividend received		
	III. Change in cash used in investing activities (lines 17-27.)	180,644,437	-139,853,698
17	+ Share issue (capital increase)	430,951,568	
18	+ Bond issue		
19	+ Borrowings	-520,155,385	28,517,214
20	+ Repayment, cancellation of long term loans and bank deposits		-12,175,364
21	+ Cash received		
22	- Share withdrawal		-156,195,547
23	- Bond redemption		
24	- Loan repayment		
25	- Long term loans given and bank deposits	269,848,254	
26	- Cash transferred		
27	± Change in liabilities towards the owners and in other long term liabilities		
	IV. Movement in cash and cash equivalent (±I±II±III. lines)	13,183,723	-7,468,326

LIQUIDITY	2014/2015	2015/2016	CHANGE
Liquidity ratio = $\frac{\text{Current assets}}{\text{Short term liabilities}}$	77.60	27.58	-64.5%
Quick asset ratio = $\frac{\text{Current assets - Stocks}}{\text{Short term liabilities}}$	62.79	7.13	-88.6%
Cash liquidity ratio (cash ratio) = $\frac{\text{Cash and Bank + Securities}}{\text{Short term liabilities}}$	5.54	3.84	-30.7%
Dynamic liquidity = $\frac{\text{Trading (operating) profit (loss)}}{\text{Short term liabilities}}$	-7.90	-8.31	5.2%
Term indicator (day) = $\frac{\text{Current assets - Stocks}}{(\text{Material-related expenses+ staff expenses+ Other expenses+ Paid interest and interest related expenses+ Tax payment liability}) / 365}$	1392.69	170.73	-87.7%
Short term operation safety indicator = $\frac{\text{Current assets - Short term liabilities}}{\text{Short term liabilities}}$	76.60	26.58	-65.3%
Long term operation safety indicator = $\frac{\text{Owner's equity + Deferred liabilities + Long term liabilities}}{\text{Fixed assets}}$	1.38	1.09	-21.2%

DEBT SERVICE	2014/2015	2015/2016	CHANGE
Interest coverage I. = $\frac{\text{Trading (operating) profit (loss)}}{\text{Paid interest and interest related expenses}}$	-6.54	-13.50	106.3%
Interest coverage II. = $\frac{\text{Ordinary entrepreneurial profit (loss)+ Paid interest and interest related expenses - Received interest and interest related revenues}}{\text{Paid interest and interest related expenses}}$	-8.66	-14.68	69.6%
EBITDA coverage I. = $\frac{\text{Trading (operating) profit (loss) + Amortisation}}{\text{Paid interest and interest related expenses}}$	-5.65	-10.75	90.2%
EBITDA coverage II. = $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenues + Amortisation}}{\text{Paid interest and interest related expenses}}$	-7.76	-11.93	53.6%
Cash-flow coverage = $\frac{\text{Profit (loss) after taxation + Amortisation}}{\text{Paid interest and interest related expense}}$	-5.25	-6.67	26.9%
Debt repayment ability = $\frac{\text{Profit (loss) after taxation + Amortisation}}{\text{Liabilities}}$	-0.11	-0.04	-62.0%

CAPITAL STRUCTURE	2014/2015	2015/2016	CHANGE
Capital adequacy = $\frac{\text{Owner's equity}}{\text{Assets total}}$	0.78	0.68	-12.8%
Rate of indebtedness = $\frac{\text{Liabilities}}{\text{Assets total}}$	0.21	0.31	45.8%
Net indebtedness = $\frac{\text{Liabilities} - \text{Receivables}}{\text{Owner's equity}}$	0.01	0.44	3669.3%
Capital strain indicator = $\frac{\text{Liabilities}}{\text{Owner's equity}}$	0.27	0.46	67.2%
Long term indebtedness = $\frac{\text{Deferred liabilities} + \text{Long term liabilities}}{\text{Deferred liabilities} + \text{Long term liabilities} + \text{Owner's equity}}$	0.21	0.31	47.0%
Liabilities / Tangible assets = $\frac{\text{Liabilities}}{\text{Tangible assets}}$	3.80	4.19	10.2%
Liabilities / Tangible net worth = $\frac{\text{Liabilities}}{\text{Owner's equity} - \text{Intangible assets}}$	0.27	0.46	67.2%
Internal generation of equity capital = $\frac{\text{Profit (loss) of the year}}{\text{Owner's equity}}$	-0.03	-0.03	-23.3%

WORKING CAPITAL	2014/2015	2015/2016	CHANGE
Working capital adequacy = $\frac{\text{Current assets} - \text{Short term liabilities}}{\text{Assets total}}$	0.27	0.08	-70.3%
Turnaround of working capital = $\frac{\text{Net sales revenue}}{\text{Current assets} - \text{Short term liabilities}}$	0.06	0.28	338.4%
Short term liabilities /Tangible net worth = $\frac{\text{Buyer stock}}{\text{Supplier stock}}$	0.31	0.50	64.4%
Short term liabilities /Tangible net worth = $\frac{\text{Short term liabilities}}{\text{Owner's equity} - \text{Intangible assets}}$	0.00	0.0045	-1.9%

PROFITABILITY I.		2014/2015	2015/2016	CHANGE
Return on Equity (ROE)	= $\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity}}$	-3.40%	-2.61%	-23.3%
Return on Sales (ROS)	= $\frac{\text{Profit (loss) after taxation}}{\text{Net sales revenue}}$	-150.33%	-77.27%	-48.6%
Return on Assets (ROA)	= $\frac{\text{Profit (loss) after taxation}}{\text{Assets total}}$	-2.66%	-1.78%	-33.1%
Profit (loss) after taxation / Working capital	= $\frac{\text{Profit (loss) after taxation}}{\text{Current assets - short term liabilities}}$	-9.69%	-21.83%	125.3%
Profit (loss) after taxation / Tangible net worth	= $\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity - Intangible asset}}$	-3.40%	-2.61%	-23.3%
Equity-proportional profit (loss) before taxation	= $\frac{\text{Profit (loss) before taxation}}{\text{Owner's equity}}$	-3.40%	-2.61%	-23.3%
Sales-proportional profit(loss) before taxation	= $\frac{\text{Profit (loss) before taxation}}{\text{Net sales revenue}}$	-150.33%	-77.27%	-48.6%
Asset-proportional profit (loss) before taxation	= $\frac{\text{Profit (loss) before taxation}}{\text{Assets total}}$	-2.66%	-1.78%	-33.1%
Profit rate of activity 1	= $\frac{\text{Trading (operating) profit (loss)}}{\text{Net sales revenue}}$	-160.05%	-110.75%	-30.8%
Profit rate of activity 2	= $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Net sales revenue}}$	-211.82%	-120.47%	-43.1%
Trading profit (loss) /Owner's equity	= $\frac{\text{Trading (operating) profit (loss)}}{\text{Owner's equity}}$	-3.62%	-3.74%	3.2%

PROFITABILITY II.		2014/2015	2015/2016	CHANGE
Trading profit (loss) / Assets total	= $\frac{\text{Trading (operating) profit (loss)}}{\text{Assets total}}$	-2.83%	-2.55%	-10.0%
EBIT / Assets total	= $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Assets total}}$	-3.75%	-2.77%	-26.0%
EBIT / Tangible net worth	= $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Owner's equity - Intangible assets}}$	-4.79%	-4.07%	-15.2%
EBITDA / Assets total	= $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue + Amortisation}}{\text{Assets total}}$	-3.36%	-2.26%	-33.0%
Return on Investment (ROI)	= $\frac{\text{Profit (loss) of the year}}{\text{Owner's equity + Deferred liabilities + Long term liabilities}}$	-2.68%	-1.79%	-33.1%
Return on Capital Employed (ROCE) (Capital-proportional EBITDA)	= $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Owner's equity + Deferred liabilities + Long term liabilities}}$	-3.78%	-2.80%	-25.9%
Return on Invested Capital (ROIC)	= $\frac{\text{Trading (operating) profit (loss) * (1 - Company tax rate)}}{\text{Total liabilities - Suppliers - Accruals}}$	-2.39%	-2.16%	-9.8%
Profit reinvestment ratio (Rate of capital growth)	= $\frac{\text{Profit (loss) of the year}}{\text{Owner's equity}}$	-3.40%	-2.61%	-23.3%
Gross margin	= $\frac{\text{Sales sales revenue - (Material related expenses + Staff expenses)}}{\text{Net sales revenue}}$	-135.09%	-75.93%	-43.8%
Export ratio	= $\frac{\text{Net export sales revenue}}{\text{Net sales revenue}}$	90.85%	91.46%	0.7%

**MANAGEMENT REPORT OF
ALKALOIDA CHEMICAL COMPANY ZRT.
ON THE COMPANY'S ACTIVITIES DURING FINANCIAL YEAR
ENDED ON 31 MARCH 2016**

I. MAIN FEATURES OF THE BUSINESS ACTIVITIES DURING FINANCIAL YEAR FROM 1 APRIL 2015 TO 31 MARCH 2016

The Company, acting upon the accounting system of the parent company, prepares annual report for the period between 01 April 2015 and 31 March 2016, date of balance is 31 March.

According to the 3/2011 resolution of the extraordinary general assembly on 24 February 2011, on the date of balance the Company switched to accounting in USA dollar (USD) and prepares its annual report in USD.

During the reporting period, the Company realised 13,445 thousand USD net sales revenues, amounting to 105.2 % of the previous financial year. domestic sales returns slightly decreased, export revenues increased.

Returns from domestic sales amounted to 1,148 thousand USD, while those of the exported products to 12,297 thousand USD.

The share of export sales within total sales of products increased from 90.8 % to 91.5 %, while the ratio of domestic sales decreased from 9.2 % to 8.5 %. The increase of the proportion of the export sales in the accounting period came with the increase of export income: sale of active pharmaceutical ingredients decreased, sales income of drug products increased.

Among other incomes in the reporting period the most important items include realised intangible assets, default interests received as well as write back of calculated depreciation of receivables.

Other income from export did not arise in the reporting period.

The most important economic data:

Description	Year		Percentage:	Index: 2016/2015
	2014-2015	2015-2016		
	Data in USD thousand		%	%
Net sales income	12,785.0	13,445.0	97.75	105.16
- domestic	1,170.0	1,148.0	8.35	98.12
- export	11,615.0	12,297.0	89.41	105.87
Other income	498.0	309.0	2.25	62.05
- domestic	498.0	309.0	2.25	62.05
- export	0.0	0.0	0.00	0.00
Operating income	13,283.0	13,754.0	100.00	103.55
Net sales income	12,785.0	13,445.0	97.75	105.16
Net profit per balance sheet	-19,220.0	-10,390.0	-75.54	54.06
Wage costs	5,306.0	4,546.0	33.05	85.68
Number of full-time employees	360.0	358.0	2.60	99.44
Research+development	195.0	214.0	1.56	109.74
Invested assets	518,909.0	531,889.0	3,867.16	102.50
Equity capital	564,945.0	398,359.0	2,896.31	70.51

BUSINESS REPORT ON FINANCIAL YEAR ENDED ON 31 MARCH 2016

The board of directors initiated capital decrease during the financial year based on 7/2014. Resolution (20 11 2014), by reduction of face value of shares after which 3,001,177 shares were repurchased and redeemed. Registration by Registry Court happened on 20 January 2016.

The Company has concluded business of the reporting year with 10,390 thousand USD loss. Net income was much below than planned, economic data of the period covered by this report are lower than planned.

The main reasons include: non-profitable production of psychotropic products and accounting of the connected devaluation, lower selling prices and lower volume of the drug products than planned.

The average statistical number of the full time employees has decreased from 360 people to 358 people during the reporting period.

As concerns the 2015-2016 business year, we agreed on average 2.1% differentiated basic wage increase.

II. THE MARKET SITUATION

In the financial year of 2014-2015, the Company realised 13,283 thousand USD operating incomes, while the same amounted to 13,754 thousand USD during the reporting period.

The income is 3.6% more than the same of the previous year.

Distribution of sales by area:

Description	Year		Percentage:	Index: 2016/2015
	2014-2015	2015-2016		
	Data in USD thousand		%	%
Net sales income	12,785.0	13,445.0	97.75	105.16
- domestic	1,170.0	1,148.0	8.35	98.12
- export	11,615.0	12,297.0	89.41	105.87
Other income	498.0	309.0	2.25	62.05
Operating income	13,283.0	13,754.0	100.00	103.55

Composition of sales by product groups:

Description	Year		Percentage:	Index: 2016/2015
	2014-2015	2015-2016		
	Data in USD thousand		%	%
Bulk Drug (API)	9,166.0	7,731.0	57.50	84.34
Finished pharmaceutical products	2,407.0	4,466.0	33.22	185.54
Other sales	1,212.0	1,248.0	9.28	102.97
Net sales income	12,785.0	13,445.0	100.00	105.16

Main part of sales income in the financial year of 2015-2016 – similarly to the previous years – comes from export sales income, out of which first of all from sales of active pharmaceutical ingredients but grow of drug products is significant.

BUSINESS REPORT ON FINANCIAL YEAR ENDED ON 31 MARCH 2016

Intercompany sales income decreased, decrease of raw material income was not balanced with increase of drug products dispatched to the USA, manufactured based on Toll Manufacturing Agreement.

The Company's long term goals continue to be the increase of the sale of drug products and exports of the active pharmaceutical ingredients.

The following table shows the **composition by product groups of the domestic sales:**

Description	Year		Percentage:	Index: 2016/2015
	2014-2015	2015-2016		
	Data in USD thousand		%	%
Bulk Drug (API)	352.0	127.0	11.06	36.08
Finished pharmaceutical products	233.0	196.0	17.07	84.12
Other sales	585.0	825.0	71.86	141.03
Net sales income	1,170.0	1,148.0	100.00	98.12

Altogether the domestic sales revenues of the current year was 1.9 % lower than the sales revenues of the previous period.

Domestic sales of products produced by the Company were less in the reporting period than the same of the previous year for active pharmaceutical ingredients and drug product groups as well. Within active pharmaceutical ingredients product group poppy seed sales did not occur, active pharmaceutical ingredients income decreased further which comes from decrease of orders received from Hungarian manufacturers.

Income of active pharmaceutical ingredients packed in small volume sold to wholesale dealers was similar to the previous years.

At the end of the year for narcotics raw materials 5-6 % rise in prices was achieved, while for psychotropic materials more than 20% rise in prices was achieved. Income increase coming from rise in prices will be realized in the next financial year.

Volume and value of domestic sales of tablets decreased compared with the 2014/15 financial year. Although sales of own produced drug products increased, but in the 2014/15 financial year there was a single Toll Manufacturing, outage of the same caused decrease of income compared with the previous year.

Within the category of other sales incomes the revenue from energy services and rents are the most determinative, amounting to 825.0 thousand USD in the reporting period, which is more than in the previous year.

The following tables show the composition by product groups of the export sales:

in thousand USD

Description	Year		Percentage:	Index: 2016/2015
	2014-2015	2015-2016		
	Data in USD thousand		%	%
Bulk Drug (API)	8,814.0	7,603.0	61.83	86.26
Finished pharmaceutical products	2,175.0	4,270.0	34.72	196.32
Other sales	626.0	424.0	3.45	0.00
Net sales income	11,615.0	12,297.0	100.00	105.87

Our Company's export sales increased in the reported year, amounted to 105.9 % of the sales in the previous year.

For export sales of active pharmaceutical ingredients decrease of revenues was 13.7 % main reason of which was the significant decrease of intercompany sales of intermediates. Additional reason for decrease was that some of our products were sold in smaller volume as prices of the same were kept still at high, as well as, that for some products we did not accept orders because of business policy aspects.

Increase of active pharmaceutical ingredients export is hindered as for the most of the ingredients complete documentation is not available.

For phase products technical difficulties and quality problems contributed to decrease of volume sold compared with the previous year.

Beside, for some products significant volume increase was achieved, which is highly appreciated, due to new markets and new customers.

For active pharmaceutical ingredients we have to mention commissioning of the modernized „C” Plant at the end of the financial year where manufacturing active pharmaceutical ingredients with bigger batch size will be possible which will increase economy of manufacturing in the future.

An additional positive tendency is that preparation of regulatory affairs dossiers of all the active pharmaceutical ingredients manufactured is scheduled which can result with increase of sales.

For drug products export a significant change can be realized as the Company was registered at FDA as alternative manufacturing site for seven products.

These drug products belonging to different therapeutic groups, which were manufactured before by the subsidiary of Sun Pharmaceutical in the USA were manufactured at site based on Toll Manufacturing Agreement due to which export income increased 96.3%.

In the 2015/16 financial year following the long term aims of the Company transfers of additional products were started by which additional increase of export income will be realized and existing manufacturing capacity can be utilized more effectively.

Turnover of drug products manufactured based on Toll Manufacturing Agreement increased also.

III. BUSINESS POLICY

Employment policy

Human resources management

We started the 2015-2016 business year with headcount of 363 persons (total number of employees), the average number of the permanent staff was 358 persons. On annual average from the employees 9 persons were absent permanently. Nearly 30 % of the employees worked in the production. This headcount, however, did not always satisfy the headcount need for the production schedule that is why we supplemented the missing staff with hired employees. In addition to the production we had to employ hired staff for warehousing, quality assurance and quality control. On annual bases 78 hired employees helped our work. The reasons of this the replacement of those being absent permanently and the periodical need for extra labour force.

In the previous year 41 people joined the Company. We needed the new employees mainly because of the increased tasks in the sphere of the active pharmaceutical ingredients production, quality control, maintenance, regulatory affairs and human resources and generally because of the replacement of the retired employees.

In the accounting period 26 persons terminated their employment, from these 16 persons white collar worker and 10 persons were blue collar workers. From the leaving employees 10 persons retired, the employment for a definite period of 2 person expired, 6 persons left the Company to work for another one, 1 person died, 1 person left the Company with termination with immediate effect. In the accounting period new employees were recruited mainly for quality control and active pharmaceutical ingredient production.

We closed the financial year with 378 persons. 60.3 % of the employees (228 persons) are blue collar workers, among them 92 persons work in the production. These staffs, however, do not always ensure the need of the production schedule for headcount that is why we can still ensure the missing labour force through hire since we have only minimal possibilities to the internal redirection.

With regard to the high average age of the staff, we shall be prepared for the replacement some specialists through recruitment on the external labour market as well as ensuring required number of skilled workers and leader for production.

Wage management

As concerns the 2015-2016 business year, we agreed on 2.1% differentiated basic wage increase effective from 1 April 2015. In the 2014-2015 business year the average monthly wage bill was 93.0 m HUF, while in the reporting period it was 100.3 m HUF in average. It means 7.8 % wage bill increase the main reason of which was that the wage of newly recruited employees were significantly higher than the average of existing employees. In 2015 inflation rate was -0.1%. Average headcount decreased from 360 to 358 that means 0.6% decrease, so our employees realised 2.2% wage profit in the real value in average.

Procurement

Procurements changed significantly. Due to stop of poppy head production related procurements were also stopped which meant significant decrease of volume of raw material procurement.

Significant volume increase of procurement was for drug product raw materials, excipients and packaging materials. Reason of it is increase of manufacturing of export products marketed in the USA.

In certain groups of materials (solvents, petroleum industrial products) price fluctuations, mainly increases, took place according to the processes of the world market.

Significant disadvantage was caused by stable and continuous rate increase of USD for import acquisitions.

No considerable change in respect of the payment terms occurred as compared to the previous year.

Changes in the production program rendered difficult planning of the procurements; we have succeeded in adjusting the purchases to the changing needs without serious difficulties.

Production

From April processing pelleted poppy head was continued, this production was on continuously in the year except for one month. During production engineering problems decreased so it can be told that the temporary production line can be functioned in normal operation.

Unfortunately in this production campaign for some products there were many rejected batches compared with the previous years, however product with conforming quality was managed to be produced from non-conforming products with little loss.

As the traditional poppy head production was stopped mother liquor and second crops were started to be processed. It is expected to have significant volume of product produced after utilizing all the production leftover.

In Pilot Plant Section active pharmaceutical ingredient and intermediate production was continued. There were many breakdowns in the plant during the year.

Operation of Chemistry I. Plant was impacted by breakdown of chilling unit in July as the spare part was available only in October. In the period between a chilling unit with smaller capacity was used that was borrowed. In the hot summer – early autumn period production was scheduled to manufacture only one product that needs cooling.

In the Synthetic Drug section and in Chemistry II. Plant production was on, all the products demanded for marketing were manufactured.

Installation of „C” Plant was completed in February and product transfer within the site was started. The first product has been transferred.

Transferring products from other SUN sites is in progress, primarily those products which can be put into the profile of the site that is narcotics as well as active pharmaceutical ingredients used for products manufactured at Formulation and Packaging Plant, possibly newly developed products volume of which is smaller but value is high.

In the Formulation and Packaging Plant we manufactured drug products in the quantity meeting the market requirements.

Bilingual SOPs and Batch records are prepared continuously. For product transfer required batches were manufactured and packed.

Modifications, equipment purchase:

- Completion of capsule filling line with metal detector.
- Purchase of container blender.
- Installation of ex-proof devices (tray dryer, inert mill, vacuum powder transfer system with support, air handling units).
- Purchase of tablet counter with bigger capacity.
- Purchase of capsule weight inspection unit.

Quality Assurance policy

Quality Assurance system of the Company is harmonised with the SUN Quality Assurance system. Adaptation of CQ guides and directives is continuous. After merging with Ranbaxy personnel and organizational changes were significant in Quality Assurance which was parallel with modification of the documentation system.

Instead of directives and guidelines Policies and Global Quality Standards are issued.

Eleven policies have been issued which is the base of the quality system, which have been introduced at site. Training of Global Standards is continuous by WebEx, soon several global standard will be issued. The site has 90 days to introduce standards. As key elements of the quality system are issued first we will need big effort to introduce standards in time. Reporting events and incidents, internal audits as well initiating CAPA are continuous.

Handling changes is as per procedures of Change Control and Planned Modifications with cooperation with QA. All the before mentioned ensure compliance with GMP requirements.

In the course of the year the following audits, inspections took place at our company
There were no critical observations on the audits. Corrective actions on the observations have been implemented.

Customers' audits encumbered resources of QA, but as these are essentially required for sales, we did our best. Thanks to the before mentioned in most part of the audit reports open, honest atmosphere during the audits was emphasised.

GMP compliance of documentation system at high level was also emphasised, which is the evident result of the harmonisation with the SUN QA system.

During authority audits quality system was reviewed thoroughly for drug product and active pharmaceutical ingredient production as well. Form 483 was not issued.

Beside audits mentioned representatives of Corporate Quality audited the company to support us for preparation for the FDA inspection, so called GAP analysis was prepared as

BUSINESS REPORT ON FINANCIAL YEAR ENDED ON 31 MARCH 2016

well as Corporate Compliance took a one-week audit at the company and inspected quality assurance system.

Corrective actions on the observations have been implemented.

Product recall did not happen in the reporting period.

We received total of 7 complaints in 2015, 2 for drug products, 5 for active pharmaceutical ingredient. Five complaints were refused as based on the investigation the complaints were not based.

We received 1 complaint between January-March of 2016 on active pharmaceutical ingredient, while on drug products marketed in EU market we received 3, all of which was on empty blister which is because of not proper reject handling based on the investigation findings.

We received two complaints on drug products marketed to the USA market, investigations are in progress.

Based on the investigations corrective / preventive actions were identified, implementation and efficiency are monitored continuously.

Validations and qualifications are performed as per the annual plan.

Considerable number of validation was performed for transferred products for manufacturing and for packaging as well.

For monitoring activities performed and operation of the system complying with FDA guide monthly report format/ metrics were introduced.

Every month Quality Council meeting is held on which problems are discussed, quality metrics are evaluated to improve operation.

Research and development

For active pharmaceutical ingredients it has been decided that some products with small volume and big value will be transferred to Alakloida. Approval of investments is in progress.

Chemistry II. Plant C Plant has been commissioned. APIs from Pilot Plant Section will be transferred to C plant as well as probably the new products.

For drug products technology transfer of products to be transferred to Alkaloida have been completed.

For all the 7 product groups Alkaloida has been registered as alternative manufacturing site. However, unfortunately manufacturing of only 3 product groups is continuous based on market requirement.

A new product transfer has been started, transfer of 15 products groups is in progress in different stages.

Environmental protection

The biological sewage-treatment plant has been operated continuously. The sewage sludge forming during the cleaning and considered to be hazardous waste has been disposed of through composting.

Hazardous waste has been incinerated during the reporting period. Non-hazardous waste has been deposited.

The following returns and reports concerning the previous year have been prepared for the environmental protection authority:

- Report on hazardous and non-hazardous wastes,
- Report on air contamination point sources and on organic solvent emission sources,
- Underground water protection data sheets (tank parks and sewage plant),
- Water quality basic and annual reports on sewage emission to surface waters;
- We have calculated the 2015 years' amounts of air and water loading charges payable to tax authority.

The environmental protection authority has not charged us by water pollution fine for year 2015. Charging air pollution fine is not expected.

ENCOTECH Ltd. has prepared study on imission of air required by Authority. Read values were under the specified limits.

Három Kör DELTA Ltd. has completed the ground water and shallow ground water monitoring tests, to be performed twice a year as required by the authority, and submitted the concerning evaluative report. Following authority order the existing system was completed with new wells drilled.

The operation of the groundwater discharging system at the contaminated areas marked SZ-I-SZ-VIII-SZ-X by ELGOSCAR-2000 Ltd. was continuous.

Remediation of SZU-II. was continuous in the reported period, hazardous waste was deposited and contaminated air coming from strippers was incinerated.

Recovery system for remediation activities of the area behind Incinerator has been completed, trial operation has been started.

Risk Management

The risks and uncertainties accompanying the Company's operations are originated from the market tendencies typical of the industry, which, at the same time, provide opportunities for the introduction of new products and expansion in the markets.

There were no unusual financial risks inherent in the management, which was why the price, credit, liquidity and cash flow risks were not significant.

IV. COMPANY STRUCTURE

Registered office of the Company: 4440 Tiszavasvári, Kabay János u. 29.

The Company performs its business activities in Tiszavasvári.

Pursuant to the decision by the Company's foremost body, ALKALOIDA Chemical Company Zrt. is controlled by one person. The leader of the Company represents the Company and also signs this Report.

Beside management auditor of the Company is responsible for internal supervision of Company' management.

Management of the Company alongwith Work Council made an agreement in 2007 on not selecting Board of Supervisors as per opportunity given as per Act on Companies (2006 year IV. Act). The Act has been replaced with the Civil Code (Act V. of year 2013) so far as per which regulation of establishing Board of Supervisors is unchanged.

Board of Directors have 4 members.

Auditor: Versatile-Audit Kft. (4400 Nyíregyháza, Munkás ut. 53) appointed employee: **János Varga** (4400 Nyíregyháza, Kandó Kálmán u. 12.)

Equity Capital, Shareholders

Issued capital: 268.150.577 USD.

Classes of Shares:

7,033,779 pieces of shares with the face value of 0.006 USD each providing general rights, 14,489,167 pieces of shares with the face value of 6 USD each providing general rights, 36,500 pieces of preference shares, 344,000 pieces redeemable shares and 2,557 pieces of registered shares for small investors with the face value of 0.006 USD each.

Ownership structure:

Shareholders	Data in USD									
	Number of shares				Par value (thousand HUF)				Percentage of ownership	
	31/03/2015		31/03/2016		31/03/2015		31/03/2016		31/03/2015	31/03/2016
0.015 -USD	15. -USD	0.006 -USD	6. -USD	0.015 -USD	15. -USD	0.006 -USD	6. -USD	%	%	
Sun Pharma Global FZE	0	0	0	0	0	0	0	0	0.00%	0.00%
Sun Pharmaceutical Industries Limited	0	3,000,000	0	0	0	45,000,000	0	0	16.78%	0.00%
Sun Pharma Holdings Limited (previously Nogad Holdings)	7,033,587	14,869,667	7,033,779	14,869,667	105,504	223,045,005	42,203	89,218,002	83.22%	100.00%
Small investors	3,173	0	2,557	0	48	0	15	0	0.00%	0.00%
ALKALOIDA Chemical Company Zrt	1,342	0	0	0	20	0	0	0	0.00%	0.00%
Total	7,038,102	17,869,667	7,036,336	14,869,667	105,572	268,045,005	42,218	89,218,002	100.00%	100.00%

Capital structure:

Description	Data in USD			
	31/03/2015	31/03/2016	Difference 2016-2015	Index % 2016/2015
Subscribed capital	268,150,577	89,260,220	-178,890,357	33.29%
Capital reserve	316,014,352	296,794,237	-19,220,115	93.92%
Accumulated profit reserve	0	22,694,810	22,694,810	#DIV/0!
Tied-up reserve	0	0	0	0.00%
Net profit per balance sheet	-19,220,114	-10,389,835	8,830,279	54.06%
Own capital	564,944,815	398,359,431	-166,585,384	70.51%

BUSINESS REPORT ON FINANCIAL YEAR ENDED ON 31 MARCH 2016

In the reported period capital of the company was reduced by subscribed capital decrease and as for profit and for profit reserve.

ALKALOIDA Chemical Company Zrt. is an affiliated company.

Parent company: Nogad Holdings

(address: St Louis Business Centre. Cnr Desroches & St Louis Sreets, Port Louis, Mauritius.)

The following persons are authorized to sign the annual report:

Harin Mehta, Chairman of the Board of Directors

(address: A 603, Rashumi Avenue, Thakur Complex Kandivli (East) Mumbai – 400 101 India.)

Jayesh Shah, Member of the Board of Directors

(address: 29714 Orion Court, Farminston Hills, Michigan 48334 USA.)

Katalin Szilágyi, Member of the Board of Directors

(address: 4080 Hajdunanas, Damjanich u.8.)

Sudir Valia Member of the Board of Directors

(address: 173 Aalap, Hindu Colony, Dadar, Mumbai – 400 014 India.)

Events after the accounting day

There were no events after the accounting day that would affect the evaluation of the actual circumstances, and the present report provides a reliable and truthful picture about the Company's assets, financial and income situation, and business operations.

There were no major trends after the accounting day that would affect the evaluation of the actual circumstances.

On behalf of the Board of Directors of ALKALOIDA Chemical Company Zrt.

Tiszavasvári, 15 April 2016

Mihály Kaszás
Company Manager