

LABORATORIOS RANBAXY, S.L.U.

**Auditor´s Report, Annual Accounts at March
31st 2019
and Management report for the year ended
March 31, 2019**

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation or information, views opinions, the original language version of our report takes precedence over this translation.



**AUDITOR 'S REPORT ON THE ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR**

To the sole partner of LABORATORIOS RANBAXY, S.L.U.:

Opinion

We have audited the annual accounts of LABORATORIOS RANBAXY, S.L.U (the Company), which comprise the balance sheet as at March 31, 2019, the profit and loss account, the income statement, statement of changes in equity, cash flow statement and related report or notes for the year then ended.

In our opinion, except for the possible effects of the matter described in the section of the report entitled *Basis for qualified opinion*, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at March 31, 2019, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis of the qualified opinion

As indicated in Note 11 to the accompanying consolidated financial statements, at 31 March 2019 the Company had tax loss carryforwards amounting to EUR 8,780,407, for which it had not recognized the related tax credits in the accompanying balance sheet. In accordance with the accounting principles and criteria contained in the financial reporting framework applicable to the Company, the accounting records of assets and liabilities must be made if the Company is expected to obtain tax benefits to offset the aforementioned tax losses and temporary differences in a term of no more than ten years. However, due to its current business model, the Company cannot accurately estimate a long-term business plan and has therefore not been able to provide us with budgets or financial forecasts that would allow us to determine the figure to be recorded as "deferred tax assets" in the balance sheet at 31 March 2019.

We have undertaken our audit in accordance with accounts auditing standards in place in Spain. Our responsibilities in accordance with said regulations are described later in the section titled *Auditor's responsibilities for the audit of the financial statements* of our report.

We are independent from the Company in accordance with ethical requirements, including those of independence, applicable to our audit of financial statements in Spain, as required by legislation on accounts auditing. Accordingly, we have not provided services other than the audit of accounts and no situations or circumstances have arisen which, in accordance with the provisions of the aforementioned regulations, have compromised our necessary independence in any way.

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We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our qualified opinion.

Most relevant aspects of the audit

The most important aspects of the audit were those which, in our professional judgement, were considered the most significant risks of material misstatements in our audit of the annual accounts for the current period. These risks have been addressed in the context of our audit of the annual accounts as a whole and when forming our opinion thereon; we do not express a separate opinion on such risks.

In addition to the matter described in the section titled *Basis of the Qualified Opinion*, we have determined the risks described below as the most significant considered in the audit and to be disclosed in our report.

Inventories

Risk description The Company's balance sheet at 31 March 2019 shows a balance of EUR 6.419 million in inventories. Given the importance of said figure in terms of amount with respect to the Company's total assets and the existence of a wide variety of products with different prices and obsolescence, we consider this area significant and susceptible to material misstatement, which is why we have considered inventories as one of the most relevant aspects of the audit.

Audit response Our auditing procedures for this aspect have included an adequate understanding of the internal control system and the valuation method used. We have applied the substantive procedures of a physical count of the units in the warehouse and substantive procedures to verify the valuation of the inventories, consisting of verifying cost prices and reviewing obsolescence, together with an appropriate cross-section of operations.

Finally, we have verified that the accompanying report includes the corresponding disclosures required by the applicable financial reporting framework. In this regard, Notes 4.6 and 9 of the accompanying report include the aforementioned disclosures.

Provisions

Risk description The liabilities of the Company's balance sheet at 31 March 2019 include an amount of EUR 9.715 million for short-term provisions for the return of medicines due to expiry and for voluntary improvements relating to the generic medicine auctions of the Andalusian Health System, as indicated in note 10 to the accompanying report. Taking into account the calculation basis and the estimate required for the forecast of returns, as well as the importance of the aforementioned voluntary improvements in terms of amount, we have considered this area significant and susceptible to material misstatement, and have therefore considered it as one of the most relevant aspects of the audit.

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Audit response

Our procedures have been designed to verify the calculation criteria and the calculation made by management. We have also verified that the estimation method used by management is consistent with previous years and appropriate based on the possible outcomes of the corresponding risk, taking into account the Information available at the date of issue of this report.

Finally, we have verified that the accompanying report includes the corresponding disclosures required by the applicable financial reporting framework. In this regard, Notes 4.10 and 10 of the accompanying report include the aforementioned disclosures.

Other information: Management report

Other Information comprises only the management report for the March 31, 2019 financial year, the formulation of which is the responsibility of the Company's Board of directors' and it does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, and except for the limitation to the scope described in the following paragraph, the information contained in the directors' report is consistent with that of the annual accounts for the year ended 31 March 2019. Furthermore, its content and presentation comply with applicable regulations.

As described in the section titled *Basis of the Qualified Opinion*, we have not been able to obtain sufficient and adequate audit evidence on the matter referred to in said section, which limits the scope of our work. As a result, we have not been able to draw a conclusion on whether the management report contains material misstatements relating to this matter.

Responsibility of the Board of Directors' for the annual accounts

The Board of Directors' is responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the Board of directors' determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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In preparing the annual accounts, the Company's Board of directors' is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors' either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of directors'.
- Conclude on the appropriateness of the Board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Company's Board of directors' regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

From the significant risks communicated with the Company's Board of directors', we determine those matters that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

AUREN AUDITORES SP, S.L.P.
Registered in ROAC under No S2347

Original signed in Spanish by
M^a Eugènia BallACH Aspa

Registered in ROAC. under No 12855

April 27, 2019



ANNUAL FINANCIAL STATEMENTS

FROM 01/04/2018 TO 31/03/2019



BALANCE SHEET

FROM 01/04/2018 TO 31/03/2019

ASSETS (stated in Euros)	Note	2019	2018
NON-CURRENT ASSETS		295.104	220.442
Intangible fixed assets	6	51.249	72.911
Development		-	-
Concessions		-	-
Patents, licenses, trade marks and similar		11.903	15.603
Goodwill		-	-
Computer software		39.346	57.308
Other intangible fixed assets		-	-
Tangible fixed assets	5	99.771	97.844
Land and buildings		-	-
Plant, machinery and others		99.771	97.844
Assets in course and advance payments		-	-
Investments in property and real estate		-	-
Land		-	-
Buildings		-	-
Long-term investments in group and associated entities		-	-
Equity based instruments		-	-
Loans to companies		-	-
Debt based instruments		-	-
Derivatives		-	-
Other financial assets		-	-
Long-term investments	8	144.083	49.686
Equity based instruments		-	-
Loans to the third parties		-	-
Debt based instruments		-	-
Derivatives		-	-
Other financial assets	8	144.083	49.686
Deferred tax assets		-	-
CURRENT ASSETS		20.427.287	19.628.142
NON-CURRENT ASSETS FOR SALE		-	-
Stocks	9	6.419.288	5.643.855
Goods for resale		6.419.288	5.643.855
Raw materials and consumables		-	-
Work in progress and partially finished goods		-	-
Finished goods		-	-
By-products, waste and materials recovered		-	-
Payments on account		-	-
Accounts receivable - commercial and other	8	11.990.413	11.142.548
Accounts receivable for sales and services		8.352.730	8.340.615
Trade debtors - group and associated entities	8 16	3.322.851	2.695.820
Sundry debtors		-	-
Employees	8	7.500	4.500
Current tax assets		307.332	101.613
Tax, Social Security and Government entities		-	-
Short-term investments in group an associated entities		-	-
Equity based instruments		-	-
Loans to companies		-	-
Debt based instruments		-	-
Derivatives		-	-
Other financial assets		-	-
Short-term financial investments		-	-
Equity instruments		-	-
Loans to third parties		-	-
Debt based instruments		-	-
Derivatives		-	-
Other financial assets		-	-
Short-term accruals and prepayments		15.351	11.253
Cash and equivalent liquid assets	8	2.002.234	2.830.484
Cash resources		2.002.234	2.830.484
Other equivalent liquid assets		-	-
TOTAL ASSETS		20.722.391	19.848.584

Notes 1 to 19 to the annual accounts form an integral part of the balance sheet at 31 March, 2019

NET EQUITY AND LIABILITIES (stated in Euros)	Note	2019	2018
NET EQUITY		5.441.905	4.494.745
Shareholders' funds	8	5.441.905	4.494.745
Capital		1.000.000	1.000.000
Authorised share capital (Share capital not issued and not called up)		1.000.000	1.000.000
Share issue premium		-	-
Reserves		-	-
Legal and statutory		-	-
Other reserves		-	-
Own shares, treasury stock and similar		-	-
Prior year results		(1.005.255)	(1.833.934)
Remainder (Retained losses from prior years)		(1.005.255)	(1.833.934)
Other contributions from shareholders	8	4.500.000	4.500.000
Result for the year	3	947.160	828.679
(Dividend paid on account)		-	-
Other share based instruments		-	-
Valuation adjustments		-	-
Financial assets for sale		-	-
Hedging operations		-	-
Others		-	-
Subsidies, grants and donations		-	-
NON-CURRENT LIABILITIES		-	-
Long-term provisions		-	-
Long-term commitments with employees		-	-
Environmental liabilities		-	-
Restructuring provisions		-	-
Other provisions		-	-
Long-term borrowings		-	-
Debentures and other negotiable instruments		-	-
Borrowings from financial institutions		-	-
Finance lease borrowings		-	-
Derivatives		-	-
Other financial liabilities		-	-
Long-term debts with group and associated entities		-	-
Deferred tax liabilities		-	-
Long-term accruals		-	-
CURRENT LIABILITIES		15.280.486	15.353.839
Liabilities linked to non-current assets held for sale		-	-
Short-term provisions	8 13	9.714.558	10.761.809
Short-term borrowings		-	-
Debentures and other negotiable instruments		-	-
Borrowings from financial institutions		-	-
Finance lease borrowings		-	-
Derivatives		-	-
Other financial liabilities		-	-
Short-term debts with group and associated entities		-	-
Loans due to group and associated entities		-	-
Accounts payable - commercial and other		5.565.928	4.592.030
Suppliers	8	605	600
Trade creditors, group and associated entities	8 16	3.722.091	2.847.119
Sundry creditors	8	157.304	122.170
Employees (payroll creditor)	8	105.500	70.035
Customer advanced		-	-
Tax, Social Security and Government entities		1.580.428	1.552.106
Advances received from customers		-	-
Short-term accruals		-	-
TOTAL NET EQUITY AND LIABILITIES		20.722.391	19.848.584

Notes 1 to 19 to the annual accounts form an integral part of the balance sheet at 31 March, 2019



PROFIT AND LOSS STATEMENT

FROM 01/04/2018 TO 31/03/2019

(stated in Euros)	Note	2.019	2.018
Continuing Operations:			
Net turnover	18	22.367.523	21.067.090
Sales		22.367.523	21.067.090
Services Rendered		-	-
Variation in stocks of finished goods and work-in-progress		-	-
Own work capitalised		-	-
Supplies		(17.823.728)	(16.709.267)
Consumption of goods for resale	12	(17.441.852)	(16.309.196)
Consumption of raw materials and other consumables		-	-
Subcontracting and similar		-	-
Impairment of raw materials, goods for resale and supplies		(381.876)	(400.071)
Other operating income		-	-
Ancillary income and other income from normal operations		-	-
Operating subsidies transferred to income		-	-
Employee costs		(900.559)	(856.309)
Salaries, wages and similar		(710.004)	(670.935)
Allowances		-	-
Social Security and similar costs	12	(190.555)	(185.374)
Provisions		-	-
Other operating costs		(2.644.735)	(2.529.255)
External services		(1.733.661)	(1.594.149)
Taxes		(911.417)	(975.586)
Losses, impairment and movement on provisions for commercial operations	8	343	40.480
Other normal operating costs		-	-
Depreciation of fixed assets	5, 6	(50.212)	(42.972)
Transfer of grants for non-financial assets and others		-	-
Excess provisions		-	-
Impairment and results on sale of fixed assets	5	(592)	6.299
Impairment and losses		-	-
Results on sale and others		(592)	6.299
OPERATING RESULT		947.697	935.586
Financial income		78	115
From holdings in equity based instruments		-	-
In group and associated entities		-	-
In third parties		-	-
From tradable investments and other financial instruments		78	115
Group and associated entities		-	-
Third parties		-	-
Financial costs		-	-
Borrowings from group and associated entities		-	-
Borrowings from third parties		-	-
Recalculation of provisions		-	-
Variation in fair value of financial instruments		-	-
Investment portfolio and others		-	-
Transfer to results for the year concerning financial assets held for sale		-	-
Differences on Exchange	10	(615)	576
Impairment and results on sale of financial assets		-	-
Impairment and losses		-	-
Results on sale and others		-	-
FINANCIAL RESULT		(537)	691
RESULT BEFORE TAX		947.160	936.277
Corporation tax	11	-	(107.598)
RESULT FOR THE YEAR	3	947.160	828.679

Notes 1 to 19 to the annual accounts form an integral part of the balance sheet at 31 March, 2019



STATEMENT OF CHANGES IN EQUITY

FROM 01/04/2018 TO 31/03/2019

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEAR ENDED 31 MARCH, 2019

(stated in Euros)	2019	2018
Profit and loss account - result	947.160	828.679
Total income and expenses recognised directly in equity	-	-
Total transfers to the profit and loss account	-	-
TOTAL RECOGNISED INCOME AND EXPENSES	947.160	828.679

B) STATEMENT OF TOTAL CHANGES IN NET EQUITY FOR THE YEAR ENDED 31 MARCH, 2019

(stated in Euros)	Authorised capital	Reserves	Prior year results	Other contributions from shareholders	Result for the year	TOTAL
CLOSING BALANCE 2018	1.000.000	-	(1.833.934)	4.500.000	828.679	4.494.745
Adjusted Opening Balance 2019	1.000.000	-	(1.833.934)	4.500.000	828.679	4.494.745
Total recognised income and expenses	-	-	-	-	947.160	947.160
Share capital reduction	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Distribution of the result	-	-	828.679	-	(828.679)	-
Shareholders contribution	-	-	-	-	-	-
CLOSING BALANCE 2019	1.000.000	-	(1.005.255)	4.500.000	947.160	5.441.905

Notes 1 to 19 to the annual accounts form an integral part of the statement of changes in net equity for the year ended 31 March, 2019



CASH FLOW STATEMENT

FROM 01/04/2018 TO 31/03/2019

(stated in euros)	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		(702.785)	(2.763.931)
Result for the year before tax		947.160	936.277
Adjustments to the result:		(614.113)	(1.073.333)
Depreciation of fixed assets (+)		50.212	42.972
Valuation correction for impairment (+/-)		381.875	157.841
Movement on provisions (+/-)		(1.047.251)	(1.267.156)
Transfer of subsidies (-)		-	-
Results on sale and withdrawal of fixed assets (+/-)		592	(6.299)
Results on sale and withdrawal financial instruments (+/-)		-	-
Financial income (-)		(78)	(115)
Financial expense (+)		-	-
Differences on exchange (+/-)		537	(576)
Change in fair value of financial instruments (+/-)		-	-
Other income and expenses (-/+)		-	-
Changes in working capital:		(1.035.910)	(2.519.392)
Stock (+/-)		(1.157.308)	(3.290.415)
Debtors and other accounts receivable (+/-)		(848.401)	(1.632.814)
Other current assets (+/-)		(4.098)	4.392
Creditors and other accounts payable (+/-)		973.897	2.399.445
Other current liabilities (+/-)		-	-
Other non-current assets and liabilities (+/-)		-	-
Other cash flows from operating activities:		78	(107.483)
Interest paid (-)		-	-
Dividends received (+)		-	-
Interest received (+)		78	115
Receipts (payments) for corporation tax (+/-)		-	(107.598)
Other payments (receipts)		-	-
CASH FLOWS FROM INVESTMENT ACTIVITIES		(125.466)	(128.397)
Payments for investments (-):		(125.493)	(143.497)
Group and associated companies (-)		-	-
Intangible fixed assets (-)		-	(77.465)
Tangible fixed assets (-)		(31.096)	(66.032)
Investments in property (-)		-	-
Other financial assets (-)		(94.397)	-
Non-current assets maintained for sale (-)		-	-
Other assets (-)		-	-
Collections on disposal of investments (+):		27	15.100
Group and associated companies (-)		-	-
Intangible fixed assets (-)		-	-
Tangible fixed assets (-)		27	12.850
Investments in property (-)		-	-
Other financial assets (-)		-	2.250
Non-current assets maintained for sale (-)		-	-
Other assets (-)		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Collections and payments from equity based Instruments		-	-
Issues of equity based instruments (+)		-	-
Cancellation of equity based instruments (-)		-	-
Purchase of own equity based instruments (-)		-	-
Transfer of equity based instruments (+)		-	-
Subsidies, donations and similar (-)		-	-
Collections and payments for financial liability instruments:		-	-
Issue:		-	-
Debentures and similar (+)		-	-
Borrowings from financial institutions (+)		-	-
Borrowings from group and associated entities (+)		-	-
Other borrowings (+)		-	-
Repayment and cancellation of:		-	-
Debentures and similar (+)		-	-
Borrowings from financial institutions (+)		-	-
Borrowings from group and associated entities (+)		-	-
Other borrowings (+)		-	-
Payments of dividends and remuneration of other equity based Instruments		-	-
Dividends (-)		-	-
Remuneration of other equity based instruments (-)		-	-
Exchange rates impact		-	-
NET INCREASE/REDUCTION IN CASH AND EQUIVALENTS		(828.251)	(2.892.328)
Opening cash and equivalent resources		2.830.484	5.722.812
Closing cash and equivalent resources		2.002.234	2.830.484

Notes 1 to 19 to the annual accounts form an integral part of the cash flow statement for the year ended 31 March, 2019



FINANCIAL YEAR REPORT

FROM 01/04/2018 TO 31/03/2019



NOTE 1 - BUSINESS ACTIVITY OF THE COMPANY

LABORATORIOS RANBAXY, S.L.U. (hereinafter, the "Company") was founded on 5 February 2004. Its registered corporate address is at Paseo de Gracia 9, 7^a planta, Barcelona. Pursuant to Article 13.1 of the Recast Text of the Capital Companies Act, the Company is recorded in the Companies Registry as a sole proprietorship. Its tax code is B-63424444.

In accordance with the company's articles of association, the corporate purpose is the production, preparation, marketing, export and import, and representation of chemical products, antibiotics, medical preparations or substances, pharmaceutical specialties, generic pharmaceutical specialties, registry formulas, officinal formulas or preparations and prefabricated medications, intermediary products, health devices, as well as baby food and special food for disabled persons, chemical, medicinal and pharmaceutical products, and household goods, along with any kind of activity directly or indirectly associated to or ancillary to the foregoing, and whereby the marketing of the aforementioned products represents the company's main activity.

On 1 August 2007, the merger through takeover of Mundogen Farma, S.A. (absorbed company) by LABORATORIOS RANBAXY, S.L. (absorbing company) was approved, with termination through dissolution without winding-up of the absorbed company and the universal mass transfer to the absorbing company, as the universal successor, of all the goods, rights and obligations comprised in the equity, as from 1 October 2007 (the date of formal execution of the merger in a public deed). The merger was carried out under the special system of mergers laid down in articles 83 to 96 of Legislative Royal Decree 4/2004, of 5 March, which approves the rewritten text of the Corporate Income Tax Act.

On 17 December 2013, the Sole shareholder agreed to modify the date for the closing of the business year to 31 March.

During the last quarter of 2013, the Company considered it necessary to implement a change in its business model, due to the market trends. That decision led to the elimination of its business of direct sales to pharmacies through the internal sales network. In recent years the Company has won several auctions for the supply of pharmaceutical products to the Ministry of Health of the Regional Government of Andalusia. The change of government within this administration could entail the end of this kind of procurement. However, given that the contract signed runs until January 2021, it will not affect the Company's activity volume next year. Company Management has begun to study the new business strategies to replace the possible loss of business in this Autonomous Community.

The Company and its Sole shareholder, Sun Pharma (Netherlands) B.V., form a part of the Sun Pharma Group, whose ultimate controlling company is Sun Pharmaceuticals Industries Limited. The registered address of Sun Pharma (Netherlands) B.V. is Prins Bernhardplein 200, 1097 JB Amsterdam, and the registered corporate address of Sun Pharmaceuticals Industries Limited is in Mumbai, Maharashtra, India. This latter company is the one that formulates consolidated annual financial statements.

On 31 March 2016, a commercial agreement was signed with the company SUN PHARMACETUCIALS SPAIN, S.L. to concentrate the businesses of Spain of the two companies of the same Indian group. The Company LABORATORIOS RANBAXY, S.L. has acquired the business, including the assets, employees, contracts and assumed obligations.

The functional currency of the Company is the euro. Consequently, operations in currencies other than the euro are deemed to be called in "foreign currency".

NOTE 2 - BASES FOR PRESENTING THE ANNUAL FINANCIAL STATEMENTS

a) TRUE AND FAIR VIEW

The attached annual financial statements have been obtained from the accounting records of the Company, and they are presented in accordance with commercial legislation in force and with the standards established in the General Accounting Plan, approved by Royal Decree 1514/2007 of 16 November, such that they show a true and fair view of the equity, of the financial situation, of the profits/losses of the company and of the cash flows during the financial year.

The attached annual financial statements of the company have been formulated by the Board of Directors and will be submitted to the approval of the Sole shareholder, and they are expected to be approved without modification.

All the standards and criteria in force established in the General Accounting Plan at the time when these financial statements were prepared have been followed, without exception.

b) NON-MANDATORY ACCOUNTING PRINCIPLES APPLIED

No non-mandatory accounting principles have been applied.

c) CRITICAL ASPECTS OF ASSESSMENT AND ESTIMATION OF UNCERTAINTY

The company's directors deem that there are no uncertainties, beyond those that are normal for the business activity, which could bring into question the application of the going concern basis.

Estimates by the Company's Directors have been used to assess some of the assets, liabilities, income, expenses and commitments reported in the attached annual financial statements. These estimates basically refer to:

- Calculation of impairment of the accounts receivable and inventories (Notes 8 c) and 9 respectively)
- Determination of forecasts of trade operations

d) COMPARISON OF INFORMATION

There have not been any exceptional reasons that justify a modification of the structure of the balance sheet, of the profit and loss statement, of the statement of changes in equity and of the cash flow statement of the preceding financial year.

There is no cause that might prevent a comparison between the financial statements of the current year and those of the preceding financial year.

e) GROUPING OF ITEMS

There are no items that have been the object of grouping on the Balance Sheet, in the Profit and Loss Statement, in the statement of changes in equity or in the cash flow statement.

f) ELEMENTS RECORDED IN VARIOUS ITEMS

There are no equity elements that are recorded in more than one item of the Balance Sheet.

g) CHANGES IN ACCOUNTING CRITERIA

No changes have been made due to changes in accounting criteria during the year.

h) CORRECTION OF ERRORS

No errors existing at the close of the financial year have been detected, which would require a re-formulation of the financial accounts. Any significant events that were learned about after the close and that could make it advisable to adjust the estimates at the close of the financial year have been mentioned in the corresponding sections.

NOTE 3 - APPROPRIATION OF EARNINGS

a) PROPOSED APPROPRIATION OF EARNINGS OF THE FINANCIAL YEAR

AVAILABLE FOR DISTRIBUTION	FINANCIAL YEAR 2018	FINANCIAL YEAR 2017
Balance of the Profit and Loss Statement	947,160.08	828,679.32
TOTAL AVAILABLE FOR DISTRIBUTION = TOTAL APPROPRIATION	947,160.08	1,424,628.29
APPROPRIATION		
	FINANCIAL YEAR 2018	FINANCIAL YEAR 2017
Legal Reserve	200,000.00	0.00
Offsetting of losses from previous financial years	747,160.08	828,679.32
TOTAL APPROPRIATION = TOTAL AVAILABLE FOR DISTRIBUTION	947,160.08	1,424,628.29

b) DISTRIBUTION OF INTERIM DIVIDENDS

No interim dividends were distributed during the financial year.

c) LIMITATIONS ON THE DISTRIBUTION OF DIVIDENDS

There is no limitation on the distribution of dividends.

NOTE 4 - RECORDING AND ASSESSMENT STANDARDS

1. INTANGIBLE FIXED ASSETS

Intangible fixed assets are initially recognised at their cost of acquisition, and they are subsequently valued at cost, less the corresponding cumulative depreciation, calculated according to their useful life and the impairment losses that may have been experienced, if applicable.



The Company recognises, accounting-wise, any loss that may have occurred in the recorded value of these assets as a consequence of impairment. The criteria for recognising the impairment losses of these assets and, if applicable, the recoveries of the same recorded in previous financial years are similar to those applied for tangible fixed assets.

Computer applications

The costs of acquisition and development of IT programmes are recorded as IT Applications. The maintenance costs are charged to the income statement in the year in which they occur.

IT applications are only recognised as an intangible fixed asset if they meet the following conditions:

- They are perfectly individualised by projects and their cost is clearly established so that it can be distributed over time.
- There are well-founded reasons for the technical success and for the commercial and financial return of the project in question.

They are depreciated according to the useful life, which must be estimated at 5 years, and the possible capital losses are analysed to make the corresponding value correction due to impairment. At the time when the intangible assets are fully amortised, the Company derecognises them from its assets.

2. TANGIBLE FIXED ASSETS

The goods included in Tangible Fixed Assets are valued at their acquisition price or cost of production, less cumulative depreciation and, if applicable, the cumulative amount of the recognised value corrections due to impairment. The following constitute a greater value of the items of tangible fixed assets:

- Indirect taxes that encumber elements of tangible fixed assets and that cannot be directly recovered from public finance.
- The initial estimate of the current value of the assumed obligations derived from dismantling or removal of the asset.
- The costs of renovation, expansion or improvement that represent an increase in capacity, productivity or expansion of useful life.

For fixed assets that need a period of time greater than one year to be in condition for use, the financial expenses accrued before placing the asset in conditions for use, which have been drawn by the supplier or corresponding to loans or another type of third-party financing, whether specific or generic and directly attributable to the acquisition, manufacture or construction of the asset, are included in the acquisition price or cost of production.

The costs of major repairs are recognised at the carrying value of the fixed asset as replacements, as long as the conditions for the recognition thereof are met.

Technical installations, machinery and tools

The valuation thereof includes all acquisition or manufacturing and construction expenses until they are placed in operating condition.

Implements and tools incorporated in mechanical elements



The implements and tools that do not form a part of a machine and whose period of use is not estimated to be over one year are charged as an expense of the financial year. If their period of use is more than one year, an annual adjustment is made by taking a physical count.

The templates and moulds that are used permanently in mass manufacturing form a part of tangible fixed assets, and the depreciation thereof is calculated according to their estimated useful life. Custom-ordered moulds used for isolated manufacturing are not considered subject to inventory, except when they have a net realisable value.

Tangible fixed assets in progress

The expenditures made during the financial year due to the projects and works that the company carries out for itself are charged to the expense accounts of the financial year. The accounts of tangible fixed assets in progress are charged by the amount of said expenses, with a credit to the income item that includes the work performed by the company for itself.

Depreciation

Items of tangible fixed assets are depreciated systematically and rationally according to the useful life of the goods and their residual value. Each part of an element with a useful life that is different from the rest is depreciated differently.

	Useful life
Plants, machinery and equipment	18 years
Other facilities, tools and property	8 years
Other fixed assets	8 years

Impairment of tangible and intangible assets

On the date of the balance sheet, the Company revises the book amounts of its tangible and intangible assets to determine if there are signs that said assets have sustained a loss due to impairment. If there is any sign, the recoverable amount of the asset is calculated (the greater value of either the fair value less the cost of sale or the value of use) in order to determine the scope of the loss due to impairment (if there were any). In the event that the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

When a loss due to impairment is subsequently reversed, the book value of the asset increases to the revised estimate of its recoverable amount, but such that the increased book value does not exceed the book value that would have been determined had there not been a loss due to impairment in previous financial years. A reversal of an impairment loss is immediately recognised as income.

3. LEASES

Tangible assets acquired under a financial lease are recorded in the asset category to which the leased good belongs, and it is depreciated according to its expected useful life, following the same method as for owned assets.

Leases are classified as financial leases whenever the conditions of the same substantially transfer the risks and advantages derived from ownership to the lessee. All other leases are classified as operational leases.

4. SWAPS

No swap occurred during the financial year.

5. FINANCIAL INSTRUMENTS

Categories of financial assets and liabilities

a) Financial Assets

Financial assets are recognised on the balance sheet when they are acquired, and they are classified as:

- **Loans and receivables:** credits due to commercial and non-commercial operations.
 - Initial assessment: at their fair value, except for credits for commercial operations that have a maturity of no more than one year and that have no contractual interest rate and except for advances or credits to personnel, dividends receivable and payouts required on equity instruments that are expected to be received in the short term, which are assessed at their nominal value.
 - Subsequent assessment: at their amortised cost, except for credits with a maturity of no more than one year, as stated, which continue to be assessed at the same amount.
- **Investments held to maturity:** securities representing debt, with a fixed maturity date, receivables of a certain or determinable amount, which are negotiated on an active market and regarding which the company has the effective intention and capacity to hold until maturity.
 - Initial valuation: at their fair value.
 - Subsequent valuation: at their amortised cost.
- **Financial assets held for trading:** assets whose acquisition originates for the purpose of selling the assets in the short term.
 - Initial valuation: at their fair value. The directly attributable transaction costs are recognised in the Profit and Loss Statement.
 - Subsequent valuation: at their fair value, without deducting the transaction costs that could be incurred in the disposal thereof. Changes in the fair value are taken to the profit and loss statement of the financial year.
- **Other financial assets at fair value, with changes in the profit and loss statement:** hybrid financial assets.
 - Initial valuation: at their fair value. The directly attributable transaction costs are recognised in the Profit and Loss Statement.
 - Subsequent valuation: at their fair value, without deducting the transaction costs that could be incurred in the disposal thereof. Changes in the fair value are taken to the profit and loss statement of the financial year.
- **Investments in the equity of the group, multi-group and associated companies:**
 - Initial valuation: at cost.
 - Subsequent valuation: at cost, less the cumulated amount of the value corrections due to impairment, if applicable.



- **Financial assets available for sale:** securities representing debt and equity instruments of other companies that have not been classified in any of the preceding categories.
 - Initial valuation: at their fair value.
 - Subsequent valuation: at their fair value, without deducting the transaction costs that could be incurred in the disposal thereof. Changes in the fair value are allocated to net equity until the asset is written off or impaired, at which time the recognised amount is allocated to profit and loss.

b) Financial Liabilities

Financial liabilities are classified, according to the content of the contractual agreements and considering the economic background of the operation, into the following categories:

- **Debts and payables:** debts due to commercial and non-commercial operations.
 - Initial valuation: at their fair value (except for debts due to commercial operations that have a maturity of no more than one year and that have no contractual interest rate and except for payouts required by third parties on equity holdings that are expected to be paid in the short term, which are assessed at their nominal value).
 - Subsequent valuation: at their amortised cost (except for debts with a maturity of no more than one year, as stated, which continue to be valued at the same amount).
 - Accrued interest: posted in the profit and loss statement, thereby applying the effective interest rate method.
- **Financial liabilities held for trading:** liabilities issued for the purpose of re-acquiring them in the short term.
 - Initial valuation: at their fair value. The directly attributable transaction costs are recognised in the Profit and Loss Statement.
 - Subsequent valuation: at their fair value, without deducting the transaction costs that could be incurred in the disposal thereof. Changes in the fair value are taken to the profit and loss statement of the financial year.
- **Other financial liabilities at fair value, with changes in the profit and loss statement:** hybrid financial liabilities.
 - Initial valuation: at their fair value. The directly attributable transaction costs are recognised in the Profit and Loss Statement.
 - Subsequent valuation: at their fair value, without deducting the transaction costs that could be incurred in the disposal thereof. Changes in the fair value are taken to the profit and loss statement of the financial year.

c) Own equity instruments

Own equity instruments are classified according to the content of the contractual agreements and considering the economic background of the operation. The expenses derived from transactions with own equity instruments are recorded directly against own equity as lower reserves.

Impairment

Valuation corrections are made at the end of the year due to impairment whenever there is objective evidence that the value of a credit or of an investment has been impaired.

The loss is:

- For loans and receivables and for investments held to maturity, the difference between the book value of the asset and the present value of future cash flows estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition (or the market value of the instrument for investments held to maturity, if this value is sufficiently reliable).
- For investments in the equity of companies of the group or multi-group and associated companies, the difference between the book value of the asset and the recoverable amount (the higher of the fair value less the costs of sale and the present value of future cash flows derived from the investment).
- For financial assets available for sale, the difference between the cost less any value correction due to impairment recorded in the profit and loss statement and the fair value at the time when the valuation is made.

All corrections, as well as the reversal thereof, are recognised as an expense or as income, respectively, in the profit and loss statement. The reversal of impairment has a limit of the book value of the credit or of the investment that would be recognised on the reversal date if impairment of the value had not been recorded.

De-registration of financial assets and liabilities

The criteria used for de-registering a financial asset are the following:

- it must have expired or
- the contractual rights over the cash flows of the financial asset have been transferred, with substantial transfer of the risks and profits inherent in the ownership thereof.

Once the asset has been de-registered, the profit or loss generated by the operation forms a part of the profit/loss of the financial year in which it occurs.

In the case of financial liabilities, the company de-registers them when the obligation has extinguished. A financial liability is also de-registered when an exchange of financial instruments occurs, with substantially different conditions. The difference between the book value of the financial liability and the consideration paid, including the attributable transaction costs, is recorded in the profit and loss statement.

Hybrid financial instruments

Hybrid financial instruments are classified as those that combine a main, non-derivative contract and a financial contract (implicit derivative), which cannot be transferred independently and whose effect is that some of the cash flows of the hybrid instrument vary similarly to the cash flows of the derivative considered independently. The main contract and the implicit derivative are presented and valued separately when the following circumstances occur simultaneously:

- The financial characteristics and risks inherent in the implicit derivative are not closely related to those of the main contract.
- An independent instrument with the same conditions as those of the implicit derivative would fulfil the definition of derivative instrument.
- The hybrid instrument is not valued at its fair value with changes in the profit and loss statement.

The implicit derivative is treated accounting-wise as a derivative financial instrument, and the main contract is accounted for according to the nature thereof.

Compound financial instruments

For compound financial instruments issued by the company, the components thereof are recognised, valued and presented separately. The book value is distributed according to the following criteria:

- The fair value of a similar liability that does not have the equity component associated is assigned to the liability component.
- The difference between the initial amount and the value assigned to the liability component is assigned to the equity component.
- The transaction costs are distributed at the same proportion.

Financial guarantee contracts

Financial guarantee contracts are initially valued at their fair value, which, barring evidence to the contrary, is equal to the premium received, plus the present value of premiums to be received, if applicable. After the initial recognition, they are valued at the greater of:

- The value that results according to the provisions set forth in the standard on provisions and contingencies.
- The initially recognised value less, when applicable, the part of the value allocated to the profit and loss statement because it corresponds to accrued income.

Income or expenses coming from financial instruments

The interest and dividends from financial assets reported after the time of acquisition have been recognised as income in the profit and loss statement. The effective interest rate method has been used to recognise interest. Dividends are recognised when the right of the shareholder to receive it is declared.

6. INVENTORY

Inventory is valued at its acquisition price or at the cost of production. All indirect taxes that encumber inventory and that are not directly recoverable from public finance are included in the acquisition price.

When the net realisable value of inventories is lower than the acquisition cost or cost of production, valuation corrections are made, recognising them as an expense in the profit and loss statement.

Those goods and services that may have been the object of a firm contract of sale or for the provision of services, according to which compliance will take place subsequently, are not the object of a valuation correction if the sale price stipulated in the contract at least covers the cost of the goods and services, plus all the pending costs that may be necessary for performance of the contract.

In the event that the circumstances that caused a value correction cease to exist, such a correction will be reversed and will be recognised as income in the profit and loss statement.

7. TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are recorded at the time of initial recognition, therefore using the functional currency and applying the exchange rate in force between the functional currency and the foreign currency on the date of the transaction.

On the date of each balance sheet, all monetary assets and liabilities in foreign currency are converted according to the exchange rates in force on the close date. All non-monetary items in foreign currency measured in terms of the historical cost are converted at the exchange rate on the transaction date. The exchange rate differences of monetary items arising when settled and when converting them to the closing interest rate are recognised in the profits/(losses) for the year, except those forming part of investing in a foreign business, which are recognised directly in equity, net of tax and up to the time of their disposal.

On some occasions, in order to cover exposure to certain exchange rate risks, the Company formally executes term contracts and options in foreign currency.

The adjustments of goodwill and the fair value generated in the acquisition of an entity with a functional currency other than the euro are considered assets and liabilities of that entity, and they are converted at the exchange rate at close.

8. PROFIT TAXES

The income tax expense of the financial year is calculated by totalling the current tax that results from applying the tax rate to the tax base of the financial year after applying the deductions that are fiscally permitted, plus the variation of the assets and liabilities due to deferred taxes.

Assets and liabilities due to deferred taxes include the temporary differences that are identified as those amounts expected to be payable or recoverable due to the differences between the book values of assets and liabilities and their tax value, as well as negative tax bases that are pending offset and credits through tax allowances that are not fiscally applied. These amounts are recorded by applying the tax rate to the temporary difference or credit at which they are expected to be recovered or settled.

Liabilities due to deferred taxes are recognised due to all attributable, temporary differences, except if they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination and that did not affect either the accounting result or the tax base of the tax.

In turn, assets due to deferred taxes are only recognised in the event that it is deemed likely that the Company, in the future, will have sufficient tax income advantages against which to make them effective, and they do not come from the initial recognition of an asset or liability in a transaction that is not a business combination and that did not affect either the accounting result or the tax base of the tax.

On occasion of the accounting close, recognised deferred tax assets and those that were not previously recognised are reviewed in order to check that the recovery thereof is likely, therefore making the appropriate corrections to the same according to the result of the analyses that are conducted.

9. INCOME AND EXPENSES

Income and expenses are attributed according to the accrual basis. Income is calculated at the fair value of the consideration received or to be received, and it represents the amounts that are charged or to be charged for goods that are delivered and services that are provided within the ordinary framework of business activity, after deducting any type of discount and taxes.

Sales of goods are recognised when all the significant risks and benefits inherent in ownership of the



goods have been transferred. Income associated with the provision of services is recognised based on the degree to which the services have been provided on the balance sheet date, as long as the result of the transaction can be reliably estimated. Interest income is reported following a time financial criterion according to the principle pending collection and the applicable effective interest rate.

10. PROVISIONS AND CONTINGENCIES

The Company's annual financial statements record all the significant provisions with respect to which it is estimated that there is the likelihood that an obligation will have to be taken care of. Contingent liabilities are not recognised in the annual financial statements, rather they are included in the annual report, if they exist.

Provisions are only recognised based on present or past events that generate future obligations. They are quantified considering the best available information about the consequences of the event from which they are originated, and they are re-estimated on the occasion of each accounting close. They are used to cover the specific obligations for which they were originally recognised. They are completely or partially reversed when the obligations cease to exist or decrease.

11. PERSONNEL EXPENSES

Personnel expenses include all remuneration and mandatory or voluntary social security obligations reported at any given time, therefore recognising the obligations for bonuses, holidays or variable remuneration and the associated expenses thereof.

12. BUSINESS COMBINATIONS

The company did not conduct any operations of this nature during the financial year.

13. JOINT VENTURES

There is no economic activity controlled jointly with another natural or legal person.

14. CRITERIA USED IN RELATED-PARTY TRANSACTIONS

Commercial or financial operations with related parties are conducted at market price. No profit or loss is recognised in internal operations.



NOTE 5 - TANGIBLE FIXED ASSETS

MOVEMENT OF TANGIBLE FIXED ASSET ITEMS DURING THE YEAR

FINANCIAL YEAR ENDED AT 31/03/2019

FIXED ASSETS	FIXED ASSETS										BALANCE AT 31/03/2019	VALUE CORRECTIONS DUE TO REAPPRAISAL	BALANCE AT 31/03/2019
	BALANCE AT 31/03/2018	BUSINESS COMBINAT.	NON-MONETARY CONTRIB.	EXPANSIONS AND IMPROVEMENTS	ALL OTHER ENTRIES	DISPOSALS, WRITE-OFFS OR REDUCTIONS	TO/FROM NCAHS OR INTERRUPT. OPS.	TRANSFERS TO/FROM OTHER ITEMS	VALUE CORRECTIONS DUE TO REAPPRAISAL	BALANCE AT 31/03/2019			
TECHNICAL FACILITIES	39,610.59	0.00	0.00	7,898.17	0.00	-619.01	0.00	0.00	0.00	0.00	0.00	0.00	46,889.75
OTHER FACILITIES	95,858.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95,858.36
FURNITURE	469.65	0.00	0.00	249.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	718.93
VEHICLES	90,667.56	0.00	0.00	22,921.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	113,589.46
OTHER TANGIBLE FIXED ASSETS	36,591.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,591.21
TECHN. INSTALL. AND OTHER TANG. FIXED ASSETS	263,197.37	0.00	0.00	31,069.35	0.00	-619.01	0.00	0.00	0.00	0.00	0.00	0.00	363,647.71
TOTAL FIXED ASSETS IN PROGRESS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	263,197.37	0.00	0.00	31,069.35	0.00	-619.01	0.00	0.00	0.00	0.00	0.00	0.00	293,647.71

FIXED ASSETS	DEPRECIATION						BALANCE AT 31/03/2019	NET FIXED ASSETS (FIX. ASST.-DEPREC.)
	BALANCE AT 31/03/2018	DEPRECIATION CHARGES	INCREASES	REDUCTIONS	VALUE CORRECTIONS DUE TO	BALANCE AT 31/03/2019		
TECHNICAL FACILITIES	27,329.37	4,248.53	0.00	-27.14	0.00	31,550.76	15,338.99	
OTHER FACILITIES	89,433.61	2,661.03	0.00	0.00	0.00	92,094.64	3,763.72	
FURNITURE	0.00	125.45	0.00	0.00	0.00	125.45	593.48	
VEHICLES	15,508.70	20,030.12	0.00	0.00	0.00	35,538.82	78,050.64	
OTHER TANGIBLE FIXED ASSETS	33,081.49	1,484.87	0.00	0.00	0.00	34,566.36	2,024.85	
TECHN. INSTALL. AND OTHER TANG. FIXED	165,353.17	28,550.00	0.00	-27.14	0.00	193,876.03	99,771.68	
PROPERTY, PLANT AND EQUIPMENT IN PROGRESS							0.00	
TOTAL FIXED ASSETS IN PROGRESS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL	165,353.17	28,550.00	0.00	-27.14	0.00	193,876.03	99,771.68	

During the financial year that closed on 31 March 2019, there have been no specific circumstances that have led to the need to apply impairment to the



Company's fixed assets.
FINANCIAL YEAR ENDED AT 31/03/2018

FIXED ASSETS	FIXED ASSETS										BALANCE AT 31/03/2018
	BALANCE AT 31/03/2017	BUSINESSES COMBINATIONS	NON-MONETARY CONTRIB.	EXPANSIONS AND IMPROVEMENTS	ALL OTHER ENTRIES	DISPOSALS, WRITE-OFFS OR REDUCTIONS	TRANSFERS TO/FROM NCAHS OR INTERRUPTED OPS.	TO/FROM OTHER ITEMS	VALUE CORRECTIONS DUE TO REAPPRAISAL	BALANCE AT 31/03/2018	
TECHNICAL FACILITIES	31,235.08	0.00	0.00	0.00	8,375.51	0.00	0.00	0.00	0.00	0.00	39,610.59
OTHER FACILITIES	95,858.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95,858.36
FURNITURE	489.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	489.65
VEHICLES	43,214.26	0.00	0.00	0.00	57,657.5	-10,203.98	0.00	0.00	0.00	0.00	90,667.84
OTHER TANGIBLE FIXED ASSETS	36,591.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,591.21
TECHN. INSTALL. AND OTHER TANG. FIXED	207,388.5	0.00	0.00	0.00	66,033.0	-10,203.98	0.00	0.00	0.00	0.00	263,197.6
TOTAL FIXED ASSETS IN PROGRESS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	207,388.5	0.00	0.00	0.00	66,033.0	-10,203.98	0.00	0.00	0.00	0.00	263,197.6
FIXED ASSETS	DEPRECIATION					VALUE CORRECTIONS DUE TO REAPPRAISAL	BALANCE AT 31/03/2018	NET FIXED ASSETS (FIX. ASST.-DEPREC.)			
	BALANCE AT 31/03/2017	DEPRECIATION CHARGES	INCREASES	REDUCTIONS	DEPRECIATION						
LAND AND BUILDINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
TECHNICAL FACILITIES	23,957.57	3,371.80	0.00	0.00	0.00	0.00	27,329.37	12,281.22			
OTHER FACILITIES	89,433.61	0.00	0.00	0.00	0.00	0.00	89,433.61	6,424.75			
FURNITURE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	469.65			
VEHICLES	-115.58	19,277.18	0.00	-3,652.90	0.00	0.00	15,508.70	75,159.14			
OTHER TANGIBLE FIXED ASSETS	31,141.56	1,939.93	0.00	0.00	0.00	0.00	33,081.49	3,509.72			
TECHN. INSTALL. AND OTHER TANG. FIXED ASSETS	144,417.16	24,388.91	0.00	-3,652.90	0.00	0.00	165,353.17	97,844.48			
TOTAL FIXED ASSETS IN PROGRESS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
TOTAL	144,417.16	24,588.91	0.00	-3,652.90	0.00	0.00	165,353.17	97,844.48			

During the financial year that closed on 31 March 2018, there were no specific circumstances that have led to the need to apply impairment to the Company's fixed assets.



NOTE 6 - INTANGIBLE FIXED ASSETS

MOVEMENT OF INTANGIBLE FIXED ASSET ITEMS DURING THE YEAR

FINANCIAL YEAR ENDED AT 31/03/2019

FIXED ASSETS	FIXED ASSETS										BALANCE AT 31/03/2019
	BALANCE AT 31/03/2018	ADDITIONS			DISPOSALS, WRITE-OFFS OR REDUCTIONS	TRANSFERS					
	BUSINESS COMBINAT.	NON-MONETARY CONTRIB.	EXPANSIONS AND IMPROVEMENTS	ALL OTHER ENTRIES			TO/FROM NCAHS OR INTERRUPT. OPS.	TO/FROM OTHER ITEMS			
INDUSTRIAL PROPERTY	18,500.00	0.00	0.00	0.00	0.00	0.00	0.00				18,500.00
COMPUTER APPLICATIONS	109,081.24	0.00	0.00	0.00	0.00	0.00	0.00				109,081.24
TOTAL	127,581.24	0.00	0.00	0.00	0.00	0.00	0.00				127,581.24

FIXED ASSETS	DEPRECIATION					BALANCE AT 31/03/2019	NET FIXED ASSETS (FIX. ASST.-DEPREC.)
	BALANCE AT 31/03/2018	DEPRECIATION CHARGES	INCREASES	REDUCTIONS			
INDUSTRIAL PROPERTY	2,897.26	3,700.00	0.00	0.00	6,597.26	11,902.74	
COMPUTER APPLICATIONS	51,773.02	17,962.03	0.00	0.00	69,735.05	39,346.19	
TOTAL	54,670.28	21,662.03	0.00	0.00	76,332.31	51,248.93	



FINANCIAL YEAR ENDED AT 31/03/2018

FIXED ASSETS	FIXED ASSETS										BALANCE AT 31/03/2018
	BALANCE AT 31/03/2017	ADDITIONS			DISPOSALS, WRITE-OFFS OR REDUCTIONS			TRANSFERS		TO/FROM OTHER ITEMS	
		BUSINESS COMBINAT.	NON-MONETARY CONTRIB.	EXPANSIONS AND IMPROVEMENTS	ALL OTHER ENTRIES			TO/FROM NCAHS OR INTERRUPT. OPS.			
INDUSTRIAL PROPERTY	0.00	0.00	0.00	0.00	18,500.00	0.00	0.00	0.00	0.00	0.00	18,500.00
COMPUTER APPLICATIONS	50,116.24	0.00	0.00	0.00	58,965.00	0.00	0.00	0.00	0.00	0.00	109,081.24
TOTAL	50,116.24	0.00	0.00	0.00	77,465.00	0.00	0.00	0.00	0.00	0.00	127,581.24

FIXED ASSETS	DEPRECIATION					BALANCE AT 31/03/2018	NET FIXED ASSETS (FIX. ASST.- DEPREC.)
	BALANCE AT 31/03/2017	DEPRECIATION CHARGES	INCREASES	REDUCTIONS	BALANCE AT 31/03/2018		
INDUSTRIAL PROPERTY	0.00	2,897.26	0.00	0.00	2,897.26	15,602.74	
COMPUTER APPLICATIONS	36,286.85	15,486.17	0.00	0.00	51,773.02	57,308.22	
TOTAL	36,286.85	18,383.43	0.00	0.00	54,670.28	72,910.96	

There have been no specific circumstances that lead to the need to apply impairment to the Company's fixed assets for the financial year that closed on 31/03/2019, or the previous year that closed on 31/03/2018.



OTHER INFORMATION

	FINANCIAL YEAR ENDED AT 31/03/2019		FINANCIAL YEAR ENDED AT 31/03/2018	
	CARRYING VALUE	VALUE CORREC. DUE TO IMPAIRMENT	CARRYING VALUE	VALUE CORREC. DUE TO IMPAIRMENT
TANGIBLE FIXED ASSETS ACQUIRED FROM GROUP COMPANIES (TOTAL)	0.00	0.00	0.00	0.00
INTANGIBLE FIXED ASSETS ACQUIRED FROM ASSOCIATED COMPANIES (TOTAL)	0.00	0.00	0.00	0.00
INVESTMENTS IN INTANGIBLE FIXED ASSETS OUTSIDE SPANISH TERRITORY (TOTAL)	0.00	0.00	0.00	0.00
INTANGIBLE FIXED ASSETS NOT DIRECTLY RELATED TO OPERATIONS (TOTAL)	0.00	0.00	0.00	0.00
ASSETS SUBJECT TO GUARANTEES			0.00	0.00
ASSETS SUBJECT TO REVERSAL			0.00	0.00
AMOUNT OF RESTRICTIONS TO OWNERSHIP			0.00	0.00
FINANCIAL EXPENSES CAPITALISED DURING THE YEAR			0.00	0.00
AMOUNT OF COMPLETELY DEPRECIATED ASSETS IN USE			15,815.91	9,825.28
GRANTS, DONATIONS AND BEQUESTS RECEIVED AND RELATED TO INTANG. FIXED ASSETS			0.00	0.00
PROFIT/LOSS FOR THE YEAR DERIVED FROM DISPOSAL OR SALE OF INTANG. FIXED ASSET ITEMS BY OTHER MEANS			0.00	0.00
AGGREGATE AMOUNT OF DISBURSEMENTS FOR RESEARCH AND DEVELOPMENT RECOGNISED AS AN EXPENSE OF THE YEAR			0.00	0.00
AMOUNT OF ASSETS OTHER THAN GOODWILL WITH AN INDEFINITE USEFUL LIFE			0.00	0.00

NOTE 7 - LEASES AND OTHER OPERATIONS OF A SIMILAR NATURE

OPERATIONAL LEASES

The total amount of future minimum payments of the lease, corresponding to non-cancellable operational leases, depending on the terms, and the amount of the contingent instalments recognised as income of the year, are the following:

	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
Up to 1 year	48,916.00	38,988.00
Between 1 and 5 years	94,290.00	84,474.00
Over 5 years	0.00	0.00
Total	143,206.00	123,462.00

The total expenditure during the financial year ended at 31/03/2019 for leases of different kinds amounted to 57,023.56 euros (55,689.44 euros in the financial year ended at 31/03/2018).

The Company's most significant operating lease agreement at the end of the financial year is basically the rental of the office it occupies in Barcelona and which matures in July 2019. The Company currently has a new agreement signed for the new offices to which it will move next June.

The other lease contracts correspond to the lease of vehicles.

NOTE 8 - FINANCIAL INSTRUMENTS

1. INFORMATION ABOUT THE RELEVANCE OF FINANCIAL INSTRUMENTS IN THE FINANCIAL SITUATION AND PROFIT/LOSS OF THE COMPANY

a) Categories of financial assets and liabilities:

- Long-term financial assets:

CATEGORY	CLASSES OF LONG-TERM FINANCIAL ASSETS											
	EQUITY INSTRUMENTS (except equity holdings of group, multi-group and associated companies)			SECURITIES REPRESENTING DEBT			CREDITS, DERIVATIVES AND OTHERS			TOTAL		
	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
ASSETS AT FV WITH CHANGES TO P&L												
HELD FOR TRADING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INVESTMENTS HELD TO MATURITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LOANS AND RECEIVABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ASSETS AVAILABLE FOR SALE												
VALUED AT FAIR VALUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VALUED AT COST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HEDGING DERIVATIVES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Receivables mainly correspond to bonds through contractual relations and leases.

- Short-term financial assets:

CATEGORY	CLASSES OF SHORT-TERM FINANCIAL ASSETS										TOTAL	
	EQUITY INSTRUMENTS (except equity holdings of group, multi-group and associated companies)		SECURITIES REPRESENTING DEBT		TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE		CREDITS, DERIVATIVES AND OTHERS		TOTAL			
	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018		
ASSETS AT FV WITH CHANGES TO P&L												
Held for trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments held to maturity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets available for sale	0.00	0.00	0.00	0.00	11,683,081.35	11,040,935.64	0.00	0.00	0.00	11,683,081.35	11,040,935.64	0.00
Valued at fair value	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Valued at cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hedging derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	11,683,081.35	11,040,935.64	0.00	0.00	0.00	11,683,081.35	11,040,935.64	0.00

- Short-term financial liabilities:

CATEGORY	CLASSES OF SHORT-TERM FINANCIAL LIABILITIES										TOTAL	
	DEBTS WITH CREDIT INSTITUTIONS		DEBENTURES AND OTHER MARKETABLE SECURITIES		TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE		DERIVATIVES AND OTHERS		TOTAL			
	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018		
DEBTS AND PAYABLES												
LIABILITIES AT FV WITH CHANGES TO P&L	0.00	0.00	0.00	0.00	3,985,499.86	3,039,923.88	9,714,558.00	10,761,608.75	13,700,057.86	13,801,532.63	0.00	0.00
Held for trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hedging derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	3,985,499.86	3,039,923.88	9,714,558.00	10,761,608.75	13,700,057.86	13,801,532.63	0.00	0.00

Balances with Public Administrations are not included in the following tables



There are no significant differences between the book value and the fair value of the financial liabilities. The company does not have any long-term financial liabilities in the financial year that closed on 31 March 2019 or the previous year that ended on 31 March 2018

b) Classification by maturity:

- Financial instruments - assets:

	MATURITY IN YEARS						TOTAL
	1	2	3	4	5	OVER 5	
INVESTMENTS IN GROUP AND ASSOCIATED COMPANIES							
LOANS TO COMPANIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SECURITIES REPRESENTING DEBT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DERIVATIVES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER FINANCIAL ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER INVESTMENTS	0.00	0.00	0.00	0.00	144,083.27	0.00	144,083.27
FINANCIAL INVESTMENTS							
LOANS TO COMPANIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SECURITIES REPRESENTING DEBT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DERIVATIVES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER FINANCIAL ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER INVESTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NON-CURRENT TRADE PAYABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADVANCES TO SUPPLIERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE							
CLIENTS FROM SALES AND PROVISION OF SERVICES	8,352,729.99	0.00	0.00	0.00	0.00	0.00	8,352,729.99
CUSTOMERS, GROUP AND ASSOCIATED COMPANIES	3,322,851.36	0.00	0.00	0.00	0.00	0.00	3,322,851.36
SUNDRY DEBTORS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERSONNEL	7,500.00	0.00	0.00	0.00	0.00	0.00	7,500.00
SHAREHOLDERS (PARTNERS) FOR PAYMENTS REQUIRED	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	11,683,081.35	0.00	0.00	0.00	144,083.27	0.00	11,827,164.62

- Financial instruments - liabilities:

	MATURITY IN YEARS						TOTAL
	1	2	3	4	5	OVER 5	
DEBTS							
DEBENTURES AND OTHER MARKETABLE SECURITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEBTS WITH CREDIT INSTITUTIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LEASING CREDITORS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DERIVATIVES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER FINANCIAL LIABILITIES	9,714,558.00	0.00	0.00	0.00	0.00	0.00	9,714,558.00
DEBTS WITH GROUP AND ASSOCIATED COMPANIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NON-CURRENT TRADE PAYABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE							
SUPPLIERS	605.00	0.00	0.00	0.00	0.00	0.00	605.00
SUPPLIERS, GROUP AND ASSOCIATED COMPANIES	3,722,091.24	0.00	0.00	0.00	0.00	0.00	3,722,091.24
SUNDRY CREDITORS	157,303.68	0.00	0.00	0.00	0.00	0.00	157,303.68
PERSONNEL	105,499.94	0.00	0.00	0.00	0.00	0.00	105,499.94
CUSTOMER ADVANCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEBT WITH SPECIAL CHARACTERISTICS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	13,700,057.86	0.00	0.00	0.00	0.00	0.00	13,700,057.86



c) Corrections due to impairment caused by the credit risk:

	CLASSES OF FINANCIAL ASSETS					
	SECURITIES REPRESENTING DEBT		CREDITS, DERIVATIVES AND OTHERS		TOTAL	
	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM
LOSSES FOR IMPAIRMENT AT 01/04/2018	0.00	0.00	0.00	180,678.41	0.00	180,678.41
+ VALUE CORRECTION DUE TO IMPAIRMENT	0.00	0.00	0.00	0.00	0.00	0.00
- REVERSAL OF IMPAIRMENT	0.00	0.00	0.00	-40,479.80	0.00	-40,479.80
- DISPOSALS AND REDUCTIONS	0.00	0.00	0.00	0.00	0.00	0.00
+/- TRANSFERS AND OTHER VARIATIONS	0.00	0.00	0.00	0.00	0.00	0.00
LOSSES FOR IMPAIRMENT AT 31/03/2018	0.00	0.00	0.00	140,198.61	0.00	140,198.61
+ VALUE CORRECTION DUE TO IMPAIRMENT	0.00	0.00	0.00	0.00	0.00	0.00
- REVERSAL OF IMPAIRMENT	0.00	0.00	0.00	-342.77	0.00	-342.77
- DISPOSALS AND REDUCTIONS	0.00	0.00	0.00	-100,000.00	0.00	-100,000.00
+/- TRANSFERS AND OTHER VARIATIONS	0.00	0.00	0.00	0.00	0.00	0.00
LOSSES FOR IMPAIRMENT AT 31/03/2019	0.00	0.00	0.00	39,855.84	0.00	39,855.84

d) Group, multi-group and associated companies:

The company does not have any stake whatsoever in group, jointly-controlled or associate companies.

e) Information about the nature and level of risk coming from financial instruments:

Financial risks are managed by the Finance Department, which has the mechanisms required to control exposure to changes in interest rates and exchange rates, as well as credit and liquidity risks. The main financial risks that have an impact on the Company are shown below:

- Credit risk:

In general, the Company keeps its cash and cash equivalents at banks with a high credit rating.

The Company has not taken out any insurance policies to cover the risk of bad debts. The Company's credit policy is based on the characteristics of each customer, and a range is therefore established for the purposes of setting the credit limit.

There is no significant concentration of credit risk with third parties.

- Liquidity risk:

To guarantee liquidity and deal with its payment commitments as a result of its activity, the Company has the cash balance shown on the balance sheet. It likewise has the financial support of the Group.

- Exchange rate risk:

The company has not made any hedges for the risk of fluctuations of exchange rates.

f) Other information:

There are no debts with tangible security.



There are no assets or rights located abroad.

The Company has liquid funds at the financial year close date amounting to 2,002 thousand euros (2,830 thousand euros at 31 March 2018).

2. OWN FUNDS

Following the share capital increase carried out on 31 December 2008, the registered share capital amounted to 5,000,000 euros at 31 March 2014, represented by 500,000 equity units a face value of 10 euros each, all of the same class, fully subscribed and paid up, and conferring the same rights to the holders thereof.

After the capital decrease of 30 May 2014, the deeded capital amounts to 1,000,000 euros, represented by 500,000 equity units, each with face value of 2 euros.

At 31 March 2019 and 31 March 2018, all the share capital belongs to Sun Pharma (Netherlands), B.V.

During the period between December 2005 and October 2009, Sun Pharma (Netherlands), BV, the sole shareholder of the Company, extended shareholder loans for an amount of 8.85 million euros. Subsequently, in 2014 it formalised another shareholder loan for 2 million. At the time of maturity of each of these loans and following settlement of one part of the loans granted, 3.35 million euros was used to offset prior years' losses, and 4.5 million euros was turned into a shareholder contribution. At the close date of this financial year, this amount is shown on an equity statements as equity of the Company.

There are no payments pending.

At the close date of the financial year, there is no capital expansion in progress.

In accordance with the Recast Text of the Capital Companies Act, a sum equal to 10% of the year's profits must be allocated to the legal reserve until it reaches at least 20% of the share capital.

The legal reserve may only be used to increase capital by the part of the balance that exceeds 10% of the capital already increased. Barring the aforementioned purpose and whilst the reserve does not exceed 20% of the share capital, the reserve may only be available to offset losses and only as long as there are no other available reserves that are sufficient for this purpose. In allocation of the profits of this year, the Board of Director will propose endowing the full amount of the Legal Reserve required under mercantile legislation.

There are no obstacles to the availability of reserves other than those derived from the legal scheme.

Considering the negative results of the Company over the last 5 years, no dividends have been distributed.

NOTE 9 - INVENTORY

Value corrections due to impairment

	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
Amount at the beginning of the financial year	898,952.40	700,631.85
Amount at the end of the financial year	1,280,827.94	898,952.40

All expired products are also impaired completely (or partially to the extent that the expiry date approaches), in addition to those that belong to an auction that has been transferred to another laboratory.

No medicinal products have been destroyed during the 2018-2019 financial year; the previous year medicinal products for an amount of 204,376.54 euros were destroyed as a consequence of the change of the business model which led to the market recall of some products (see note 1).

NOTE 10 - FOREIGN CURRENCY

Assets and liabilities denominated in foreign currency

- Assets:

There are no assets in foreign currency.

- Liabilities:

There are no assets in foreign currency.

Purchase, sales and services received and rendered

	FINANCIAL YEAR ENDED AT 31/03/2019			FINANCIAL YEAR ENDED AT 31/03/2018		
	TOTAL	CLASSIFICATION BY CURRENCIES (euros)		TOTAL	CLASSIFICATION BY CURRENCIES (euros)	
		DOLLARS	POUNDS		DOLLARS	POUNDS
Purchases	0.00	0.00	0.00	0.00	0.00	0.00
Sales	0.00	0.00	0.00	0.00	0.00	0.00
Services received	12,155.77	12,155.77	0.00	7,643.23	7,643.23	0.00
Services rendered	0.00	0.00	0.00	0.00	0.00	0.00

Exchange rate differences recognised in the profit/loss of the financial year

	FINANCIAL YEAR ENDED AT 31/03/2019		FINANCIAL YEAR ENDED AT 31/03/2018	
	SETTLED	OPENING OR PENDING	SETTLED	OPENING OR PENDING
D) CURRENT LIABILITY	-614.65	0.00	576.41	0.00
4. Trade creditors and other accounts payable	-614.65	0.00	576.41	0.00

NOTE 11 - TAX SITUATION

1. PROFIT TAX

Reconciliation between the net amount of income and expenses of the financial year and the tax base

	Profit and loss statement Amount for the financial year ending on 31/03/2019			Profit and loss statement Amount for the financial year ending on 31/03/2018		
	Increases	Reductions	Net Effect	Increases	Reductions	Net Effect
Balance of income and expenses of the year			947,160.08			828,679.39
Corporate income tax	-	-	-	-	-	-
Permanent differences						
Temporary differences	1,100.53	-	1,100.53	-	-	-
- coming from the financial year	1,100.53	-	1,100.53	-	-	-
- coming from previous financial years	-	-	-	-	-	-
Offsetting of tax loss carryforwards						
losses from previous years	-	-	(948,260.61)	-	-	(828,679.39)
Tax base (tax result)			-			-

Reconciliation between expense and income due to income taxes and the result of multiplying the applicable tax rates to the total of recognised income and expenses

The tax on profits expense is 0.00 euros for the financial year that closed on 1 March 2019, as it is for the financial year that closed on 31 March 2018

The tax loss carryforwards pending offsetting, which the Company has not recognised as assets through deferred tax, are:

At 31 March 2019:

Year of origin	Euros	Final year
2008	112,626	not expired
2013	7,715,496	not expired

At 31 March 2018:

Year of origin	Euros	Final year
2008	1,060,887	not expired
2013	7,715,496	not expired

In accordance with legislation in force, the statements made for the various taxes cannot be considered definitive until after having been audited by the tax authorities or after the statute of limitation has expired.

At 31 March 2019, the Company has all non-prescribed tax years open to inspection. During the course of the year, the Spanish Tax Authorities commenced an audit with regard to Corporate Tax for the period between 2013-2018. The review focuses on the Tax Loss Carryforwards of 2008 and 2013. For the time being, no provisional settlement has been made and no tax assessment drawn up, and there is simply a difference in the timing criterion in the deduction of the impairment of goodwill recognised. In this



regard, management believes that even if the taxable bases are rectified, the figures would continue to be losses and that accordingly there will no tax advantage or deferral of payment of corporate tax and consequently no fines will be applied.

For the remaining taxes that are open to inspection, the Company Directors do not expect any differences to arise that significantly affect the financial statements.

NOTE 12 - INCOME AND EXPENSES

The breakdowns of the items, "Consumption of goods purchased for resale", "Consumption of raw materials and other consumables", "Social Security charges" and "Other profits/losses", are presented below, as well as the amount of the goods and the provision of services for the swap of non-monetary goods and services:

	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
1. Consumption of goods purchased for resale	17,441,852.07	16,309,196.42
a) Purchases, net returns and any discount:	16,191,706.88	19,310,513.47
National	1,375,225.61	1,600,095.33
Intra-community acquisitions	195,707.49	0.00
Imports	14,620,773.78	17,710,418.14
b) Change in inventory	1,250,145.19	-3,001,317.05
2. Consumption of raw materials and other consumables	0.00	0.00
a) Purchases, net returns and any discount:	0.00	0.00
National	0.00	0.00
Intra-community acquisitions	0.00	0.00
Imports	0.00	0.00
b) Change in inventory	0.00	0.00
3. Social Security charges	190,554.78	185,374.39
a) Social Security paid by the Company	144,356.84	141,933.51
b) Contributions to and allocations for pensions	0.00	0.00
c) Other social security charges	46,197.94	43,440.88
4. Sale of goods and provision of services produced through the swap of non-monetary goods and services	0.00	0.00
5. Earnings originating outside the normal business activity of the company included in Other Profits/Losses	0.00	0.00
6. Expenses associated with restructuring:	0.00	0.00
a) Personnel expenses	0.00	0.00
b) Other operating expenses	0.00	0.00
c) Impairment and profit (loss) due to disposals of fixed assets	0.00	0.00
d) Other profits/losses associated with restructuring	0.00	0.00

NOTE 13 - PROVISIONS AND CONTINGENCIES

1. PROVISIONS

The movement of the Provisions items during the financial year has been the following:

	BALANCE AT 31/Mar./2018	Reversals	Allocations	BALANCE AT 31/03/2019
PROVISIONS FOR RETURNS	94,269.62	-121,642.58	123,343.06	95,970.10
OTHER CONTRACTUAL COMMITMENTS	10,667,539.13	-35,698,834.91	34,649,883.68	9,618,587.90
	10,761,808.75	-35,820,477.49	34,773,226.74	9,714,558.00

The provision for returns was estimated by applying a percentage of 0.2% to direct sales to pharmacies and to sales made through wholesalers. This percentage corresponds to an estimate made by the Company based on the expected value of returns and using, as the reference, the maximum amount of returns in accordance with the provisions of Royal Decree 726/1982 of 17 March, which regulates the expiry and returns of pharmaceutical specialities to pharmaceutical laboratories.

Provisions for other contractual commitments correspond to price reductions (voluntary improvement) offered to the Andalusian Health Service (Servicio Andaluz de Salud -SAS) on sales made during the period, for settlement during the following year with certain contractual commitments acquired in relation to auctions of generic medicines in Andalusia. The reductions in auction sale prices are recorded as lower sales.

NOTE 14 - INFORMATION ABOUT THE ENVIRONMENT AND GREENHOUSE GAS EMISSION ALLOWANCES

Within its tangible fixed assets, the Company does not have any significant elements used to minimize environmental impact or to protect and improve the environment.

Costs incurred in the financial year ending on 31 March 2019 for protection and improvement of the environment amounted to 58,954.60 euros. 56,079.32 euros the previous year. Most of these expenses involved the controlled destruction of expired product.

No environmental investments were made during the financial years ending at 31/03/2019 and 31/03/2018.

NOTE 15 - EVENTS AFTER THE CLOSE

No events that might affect the annual financial statements closed at 31 March 2019 or the going concern basis have occurred after the close of the financial year.

NOTE 16 - OPERATIONS WITH RELATED PARTIES

The most significant information about operations with related parties conducted during the financial year is provided below.



a) The persons and/or companies with whom related operations were carried out are listed below:

- Parent company
- Other group companies

b) The nature of the relationship with the related parties is commercial.

c) The details of the operations and the quantification thereof, as well as the profits or losses that the operations have caused at the company, are the following:

FINANCIAL YEAR ENDED AT 31/03/2019

	PARENT COMPANY	OTHER GROUP COMPANIES
Sales of current assets	0.00	214,050.00
Sales of non-current assets	0.00	0.00
Purchases of current assets	0.00	16,516,243.00
Purchases of non-current assets	0.00	0.00
Provision of services	0.00	143,760.00
Reception of services	0.00	696,170.00
Income from interest charged	0.00	0.00
Income from interest accrued but not charged	0.00	0.00
Expenses due to interest paid	0.00	0.00
Expenses due to interest accrued but not paid	0.00	0.00

FINANCIAL YEAR ENDED AT 31/03/2018

	PARENT COMPANY	OTHER GROUP COMPANIES
Sales of current assets	0.00	0.00
Sales of non-current assets	0.00	0.00
Purchases of current assets	0.00	17,710,417.26
Purchases of non-current assets	0.00	0.00
Provision of services	0.00	0.00
Reception of services	0.00	780,844.00
Income from interest charged	0.00	0.00
Income from interest accrued but not charged	0.00	0.00
Expenses due to interest paid	0.00	0.00
Expenses due to interest accrued but not paid	0.00	0.00

The amount of the pending balances of operations with related parties, as of the close date of the financial year, is the following:

FINANCIAL YEAR ENDED AT 31/03/2019

	PARENT COMPANY	OTHER GROUP COMPANIES
A) NON-CURRENT ASSETS	0.00	0.00
1. Long-term financial investments	0.00	0.00
B) CURRENT ASSETS	0.00	3,322,852.00
1. Trade debtors and other accounts receivable	0.00	3,322,852.00
b) Clients from sales and service provision at short term, of which:	0.00	3,322,852.00
Corrections in value for doubtful clients	0.00	0.00
2. Short-term financial investments	0.00	0.00

	PARENT COMPANY	OTHER GROUP COMPANIES
C) NON-CURRENT LIABILITIES	0.00	0.00
1. Long-term debts	0.00	0.00
2. Long-term debts of special characteristics	0.00	0.00
D) CURRENT LIABILITY	0.00	3,722,091.00
1. Short-term debts	0.00	0.00
e) Other financial liabilities	0.00	0.00
2. Short-term debts of special characteristics	0.00	0.00
3. Trade creditors and other accounts payable	0.00	3,722,091.00
b) Short-term suppliers	0.00	3,722,091.00

FINANCIAL YEAR ENDED AT 31/03/2018

	PARENT COMPANY	OTHER GROUP COMPANIES
A) NON-CURRENT ASSETS	0.00	0.00
1. Long-term financial investments	0.00	0.00
B) CURRENT ASSETS	0.00	2,695,820.68
1. Trade debtors and other accounts receivable	0.00	2,695,820.68
b) Clients from sales and service provision at short term, of which:	0.00	2,695,820.68
2. Short-term financial investments	0.00	0.00

	PARENT COMPANY	OTHER GROUP COMPANIES
C) NON-CURRENT LIABILITIES	0.00	0.00
1. Long-term debts	0.00	0.00
2. Long-term debts of special characteristics	0.00	0.00
D) CURRENT LIABILITY	0.00	2,847,118.51
1. Short-term debts	0.00	0.00
e) Other financial liabilities	0.00	0.00
2. Short-term debts of special characteristics	0.00	0.00
3. Trade creditors and other accounts payable	0.00	2,847,118.51
b) Short-term suppliers	0.00	2,847,118.51

The information pertaining to **senior management personnel** is the following:

	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
1. Salaries, per diems and other remuneration	360,485.99	357,334.67

The Board of Directors is the governing, management and representative body of the company. The Board of Directors is therefore deemed to be the body that ultimately directs the company. In this regard, the Board of Directors has not received any amount under the concept of salaries, per diems or remuneration for the performance of its duties, nor have obligations been contracted regarding pensions or the payment of life insurance regarding past or present members of the body. No compensation for dismissal has been satisfied to the Board of Directors, nor have any payments been made based on equity instruments. They also have not been granted any advances or credits.

The members of the Board of Directors, in compliance with Article 229.3 of Law 31/2014 of 3 December, which approves the amendment of the recast text of the Corporate Enterprises Act, have not reported any situation of direct or indirect conflict of interest with the company.

No agreements with the sole shareholder exist.

NOTE 17 - OTHER INFORMATION

The average number of employees during the present year, by categories, is as follows:

	FINANCIAL YEAR ENDED AT 31/Mar./2019	FINANCIAL YEAR ENDED AT 31/Mar./2018
Senior executives	4.00	3.00
Other management staff	0.00	0.00
Technical staff, scientific and intellectual professionals and auxiliary staff	2.00	2.00
Administrative employees	2.00	3.00
Sales staff, sales reps and similar	4.00	3.00
Other skilled workers	0.00	0.00
Non-skilled workers	0.00	0.00
Total average employment	12.00	11.00

At the end of the financial year, the distribution of company personnel by gender is the following:

	FINANCIAL YEAR ENDED AT 31/Mar./2019			FINANCIAL YEAR ENDED AT 31/Mar./2018		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Directors	3.00	3.00	0.00	3.00	3.00	0.00
Senior executives (non-directors)	3.00	2.00	1.00	2.00	1.00	1.00
Other company management staff	0.00	0.00	0.00	0.00	0.00	0.00
Technical staff, scientific and intellectual professionals and auxiliary staff	2.00	1.00	1.00	2.00	1.00	1.00
Administrative employees	2.00	0.00	2.00	3.00	0.00	3.00
Sales staff, sales reps and similar	4.00	1.00	3.00	3.00	1.00	2.00
Other skilled workers	0.00	0.00	0.00	0.00	0.00	0.00
Non-skilled workers	0.00	0.00	0.00	0.00	0.00	0.00
Total personnel at the end of the financial year	14.00	7.00	7.00	13.00	6.00	7.00

Professional fees for account auditing and other services provided by the account auditors from the AUREN network have been the following:

	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
<i>Services provided by account auditors</i>		
Professional fees for account auditing	11,530.00	11,400.00
Professional fees charged for other verification services	0.00	0.00
Professional fees charged for tax advising services	0.00	0.00
Other professional fees for services provided	0.00	0.00
<i>Services provided by the Auren Network</i>		
Professional fees for services provided	0.00	0.00
Total	11,530.00	11,400.00

NOTE 18 - SEGMENTED INFORMATION

The distribution of the net amount of turnover corresponding to the company's ordinary activities, broken down by categories of activities, as well as by geographical markets, is the following:

DESCRIPTION OF THE ACTIVITY	TURNOVER	
	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
Generic products	22,367,522.58	21,067,090.14
Total	0.00	21,067,090.14

DESCRIPTION OF THE GEOGRAPHIC MARKET	TURNOVER	
	FINANCIAL YEAR ENDED AT 31/03/2019	FINANCIAL YEAR ENDED AT 31/03/2018
NATIONAL	21,973,283.22	20,932,737.79
REMAINDER OF THE EU	394,239.36	134,352.35
REMAINDER OF THE WORLD	0.00	0.00
Total	22,367,522.58	21,067,090.14

DESCRIPTION OF THE GEOGRAPHIC MARKET	SUPPLIES FIGURE	
	Financial Year that closed on 31/03/2019	Financial Year that closed on 31/03/2018
National	1,375,225.61	1,339,781.22
Rest of the European Union	195,707.49	344,329.92
Rest of the World	15,870,918.97	14,625,085.28
Total	17,441,852.07	16,309,196.42

NOTE 19 - INFORMATION ABOUT THE AVERAGE PAYMENT PERIOD TO SUPPLIERS. ADDITIONAL PROVISION THREE. "INFORMATION DUTY" OF LAW 15/2010 OF 5 JULY

The Resolution of the ICAC of 29/Jan./16 implements the obligation introduced by Law 31/2014 (Final Provision 2), which amends Law 15/2010 of 5 July, to include information in the report of the annual financial statements about PPMP, which is defined as the average payment period (days) as from the delivery of goods or the provision of services until the payment thereof. The information to be provided for the 2018-2019 financial year is the following:

	31/03/2019	31/03/2018
	Days	Days
Average payment period to suppliers	91.56	38.38
Ratio of paid operations	100.73	39.18
Ratio of operations pending payment	54.41	33.77
	Amount (euros)	Amount (euros)
Total payments made	14,632,998.69	16,388,604.24
Total payments pending	3,609,256.85	2,852,468.03



In Barcelona, on 26 April 2019, the Balance Sheet, the Profit and Loss Statement, the Statement of Changes in Equity, the Cash Flow Statement and the Annual Report of LABORATORIOS RANBAXY, S.L.U., are prepared, corresponding to the financial year ended at 31 March 2019 and numbered in correlation from 1 to 43, approved by the Board of Directors of the Company by signing in witness whereof.

SIGNATURES

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Neeraj Sharma

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Pedro Luis Sala Lanz

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Prashant Savia

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