

**Audit Company “Best-Audit”
Since 1994**

Member of Russian Chamber of Auditors (Association)

AUDIT REPORT

Our Ref. No. 92 dated March 6, 2019

to Members of Sun Pharmaceutical
Industries LLC
Executive body of the Company

Opinion

We audited the attached annual accounting (financial) statements of the Limited Liability Company “Sun Pharmaceutical Industries” (OGRN 1077762356770, 107023, Moscow, Elektrozavodskaya Street, 27, building 8, suite 14/1A), consisting of the Balance Sheet as of December 31, 2018, Profit and Loss Statement for 2018, annexes to the Balance Sheet and Profit and Loss Statement, namely: Statement of Changes in Equity for 2018 and Cash Flow Statement for 2018, explanations to the Balance Sheet and Profit and Loss Statement for 2018, including the brief review of main provisions of the accounting policy.

In our opinion, the attached annual accounting (financial) statements show reliably in all material aspects the financial status of the Limited Liability Company “Sun Pharmaceutical Industries” (hereinafter referred to as “the Company”), as of December 31, 2018, financial results of operation and cash flows during 2018 in compliance with the rules of accounting (financial) statements preparation, applicable in the Russian Federation.

Basis of opinion

We conducted the audit in compliance with International Audit Standards (IAS). Our responsibility in compliance with such standards is described in section “Responsibility of auditor for the audit of annual accounting (financial) statements” of this opinion. We are independent from the audited entity according to the Rules of independence of auditors and audit firms and Professional Code of Conduct of Auditors, corresponding to the Professional Code of Conduct of Chartered Accountants, developed by the Accounting Professional and Ethical Standards Board, and we did any other duties in compliance with such requirements of professional ethics. We believe that the audit evidences obtained by us are sufficient and reliable to serve as basis for our opinion.

Material uncertainty with respect to continuity of business

Please note Section 9 of Notes to the Balance Sheet and Profit and Loss Statement, stating that the figure of net assets of the Company as of December 31, 2018 is negative. The main reason is a loss incurred of the financial and business operations, arising mostly due to executive and any other expenses, and absence of income from the main activity during 2018. We confirm that the information on such event was adequately stated in the attached accounting (financial) statements. We do not express a modified opinion in connection to such matter.

Responsibility of the management of audited entity for the annual accounting (financial) statements

The management of the Company is responsible for preparation and reliable presentation of the above annual accounting (financial) statements in compliance with Rules of preparation of accounting (financial) statements, applicable in the Russian Federation, and for the system of internal control, which the management deems necessary for preparation of annual accounting (financial) statements, without material misstatements due to improper actions or errors.

When preparing the annual accounting (financial) statements, the management of the Company bears the responsibility for assessment of ability of the audited entity to continue without interruptions its business, for disclosure in respective cases of data, referred to continuity of business, and for preparation of statements on the basis of assumption on continuity of business, except for the cases, when the management intends to wind up the audited entity, terminate its operations or when they do not have any real alternative, except for liquidation or termination of business.

Responsibility of auditor for audit of annual accounting (financial) statements

Our purpose is to obtain reasonable assurance about whether the annual accounting (financial) statements are free of material misstatements due to improper actions or errors, and preparation of audit report containing our opinion. The reasonable assurance is a high level assurance, but it is not a guarantee that the audit, conducted in compliance with IAS, always detects the material misstatements, if any. The misstatements may result from improper actions and errors and treated as material, if it's possible to reasonably suggest that they can influence, separately or in aggregate, the economic decisions of users, adopted on the basis of such annual accounting (financial) statements.

As part of audit conducted in compliance with IAS, we apply the professional judgment and reserve the professional skepticism during the whole audit. In addition, we:

- a) reveal and assess risks of material misstatements of annual accounting (financial) statements due to improper actions or errors; develop and implement audit procedures in response to such risks; obtain audit evidences, being sufficient and proper, in order to serve as basis for our opinion. The risk of non-revealing of a material misstatement as a result of improper actions is higher than the risk of non-revealing of a material misstatement as a result of error, as improper actions may comprise concert, forgery, willful omission, misrepresentation of information or actions in circumvention of internal control system;
- b) obtain understanding of internal control system, which is relevant for the audit, in order to develop the audit procedures, corresponding to the circumstances, but not for the purpose of expressing opinion on efficiency of internal control system of the audited entity;
- c) assess proper nature of the applied accounting policy, validity of accounting judgments and

respective information disclosure, prepared by the management of the audited entity;

d) conclude on lawfulness of application by the management of the audited entity of assumption on continuity of business, and on the basis of obtained audit evidences – conclusion on whether there is a material uncertainty in connection with events or conditions, probably resulting in material doubts in ability of the audited entity to continue its business without interruptions. If we arrive at a conclusion on availability of material uncertainty, we should draw attention in our audit report to a respective information disclosure in the annual accounting (financial) statements or, if such information disclosure is not due, we should modify our opinion. Our conclusions are based on the audit evidences, obtained before the date of our audit report. However any future events or conditions may result in inability of the audited entity to continue its business;

e) assess the representation of the annual (financial) statements in general, its structure and contents, including disclosure of information, and whether the annual accounting (financial) statements represents the underlying operations and events as to ensure their reliable presentation.

We implement the information cooperation with the management of the audited entity, bringing to their attention, inter alia, information on the planned scope and timeframes of the audit, and on the material comments upon the results of audit, including on material defects of internal control system, which we reveal during the audit.

Audit firm:

Joint Stock Company “Audit Company “Best-Audit”,

OGRN 1027700591027,

117420, Moscow, Profsoyuznaya Street, 57, 7th floor, suite II, office 56

Member of Self-regulated Organization of Auditors “Russian Auditors Union” (Association)

ORNZ (Principal Number of Registration Entry) 10303000020

General Director

Audit Company “Best-Audit” JSC: /signature/ Egorov M.E.

(Qualification Certificate No. 03-000007, ORNZ (Principal Number of Registration Entry – 29403009516)

March 6, 2019

Seal:

Joint Stock Company “Audit Company “Best-Audit”

Moscow

Audit Opinion on Accounting (financial) Statements of Sun Pharmaceutical Industries LLC for 2018

Balance Sheet
as of December 31 2018

Form according to OKUD

Date (day, month, year)

According to

Company Limited Liability Company "Sun Pharmaceutical Industries"

OKPO

Taxpayer identification number

INN

Authorized business Wholesale trade in pharmaceuticals and medical goods

Acc. to

OKVED

Incorporation form/ownership

Acc. to

OKOPF/OKFS

Limited Liability Company/Joint private and foreign property

Unit of measurement: thousand rubles

Acc. to OKEI

Location (address) 129223, Moscow, Elektrozavodskaya Street, No. 27, bldg. 8, office 14/1A

Codes		
0710001		
31	12	2018
83236036		
7728638440		
46.46.1		
12300	34	
384		

Notes	Line item	Code	as of December 31, 2018	as of December 31, 2017	as of December 31, 2016
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangible assets	1110			
	R&D Results	1120			
	Intangible development assets	1130			
	Tangible development assets	1140			
1	Fixed assets	1150		50	251
	Income-bearing investments into tangible assets	1160	0	0	0
	Financial investments	1170	0	0	0
	Deferred tax assets	1180	14 881	10 823	11 361
	Other non-current assets	1190	0	0	0
	Total for Section I	1100	14 881	10 873	11 612
	II. CURRENT ASSETS				
2.1	Inventories	1210	23	33	40
	Including: Materials	12101	0	0	0
	Goods	12102	0	0	0
	Prepaid expenses	12103	23	33	40
	Value Added Tax on purchased valuables	1220			
3.1	Accounts receivable	1230	413	1269	3382
	Including:				
	Settlements with suppliers and contractors	12301	261	441	690
	Settlements with buyers and customers	12302	0	0	0
	Settlements for taxes and levies	12303	111	685	6
	Settlements for social insurance and security	12304	41	83	105
	Settlements with staff for salary	12305			
	Settlements with accountable persons	12306			
	Settlements with staff for other transactions	12307		60	14
	Settlements with various debtors and creditors	12308			2568
4	Financial investments (except for cash equivalents)	1240			
	Cash and cash equivalents	1250	12 535	16 928	21 216
	including:				
	Cash desk of the company	12501			
	Current accounts	12502	12 504	16 900	21 186
	Currency accounts	12503	31	28	29
	Other current assets	1260			
	Total for section II	1200	12 971	18 230	24 638
	BALANCE	1600	27 852	29 103	36250

Profit and Loss Statement
for January-December 20 18

Form according to OKUD

Date (day, month, year)

Company Limited Liability Company "Sun Pharmaceutical Industries" acc. to OKPO

Taxpayer identification number INN

Authorized business Wholesale trade in pharmaceuticals and medical goods OKVED

Incorporation form/ownership

Limited Liability Company/Joint private and foreign property acc. to OKOPF/OKFS

Units of measurement: thousand rubles acc. to OKEI

Codes		
0710002		
31	12	2018
83236036		
7728638440		
46.46.1		
12300	34	
384		

Notes	Line item	Code	For January-December 2018	For January-December 2017
	Proceeds	2110	-	-
	Including:		-	-
	Sales of prescription drugs		-	-
4	Primary cost of sales	2120	-	-
	including:		-	-
	primary cost of prescription drugs		-	-
	Gross profit (loss)	2100	-	-
4	Commercial costs	2210	-	-
	Including: depreciation of fixed assets	2211	-	-
	Rent of office and warehouse premises	2212	-	-
	Mandatory audit	2213	-	-
	Salaries	2214	-	-
	Insurance contributions	2215	-	-
	Transportation and customs clearance of the goods	2216	-	-
	Services for registration and expert evaluation of the drugs	2217	-	-
	Other	2218	-	-
6	Management costs	2220	(4 775)	(5392)
	Including: depreciation of fixed assets	2221	(50)	(201)
	Rent of office and warehouse premises	2222	(2501)	(2570)
	Mandatory audit	2223	(114)	(153)
	Salaries	2224	(1 352)	(1304)
	Insurance contributions	2225	(402)	(379)
	Other	2226	(356)	(785)
	Sales profit (loss)	2200	(4 775)	(5392)
	Including:		-	-
	Sales of prescription drugs		-	-
	Profit of participation in other companies	2310	-	-
	Interest receivable	2320	-	-
	Interests payable	2330	(53)	(50)
	including:		-	-
	Interest accrued in compliance with Art 269 of Tax Code of the Russian Federation	23301	(53)	(50)
	Other income:	2340	8 280	15 126
	Including:		-	-
	Profit in the form of restored valuation provisions	23401	668	2 905
	Exchange rate differences	23402	7 555	12 204

	Income in form of written-off accounts payable	23403	16	17
	Other unrealized income	23404	41	-
	Other expenses	2350	(28 991)	(10 865)
	Including:			(3 074)
	Expenses in form of created valuation provisions	23501	(471)	
	Banks fees	23502	(77)	(72)
	Exchange rate differences	23503	(27 822)	(6 988)
	Taxes and levies	23504	(4)	(7)
	Expenses in form of written-off accounts receivable	23505	-	(92)
	Other loss referred to the non-sale expenses	23506	(617)	(632)
	Profit (loss) before taxation	2300	(25 539)	(1 181)
	Current profit tax	2410	-	(516)
	Including permanent tax liabilities (assets)	2421	(1050)	(1268)
	including:			
	permanent tax liabilities (assets)		(1050)	(1268)
	Changes in deferred tax liabilities	2430	-	-
	Change in deferred tax assets	2450	4058	(516)
	including:			
	deferred tax assets		4058	(516)
	Other	2460	-	-
	Net profit (loss)	2400	(21 481)	(2 213)

**Statement of changes in equity
for January-December 2018**

Codes	
0710003	
31	12 2018
83236036	
7728638440	
46.46.1	
12300	34
	384

Form according to OKUD _____
 Date (day, month, year) _____
 Company Limited Liability Company "Sun Pharmaceutical Industries" acc. to OKPO _____
 Taxpayer identification number INN _____
 Authorized business Wholesale trade in pharmaceuticals and medical goods acc. to OKVED _____
 Incorporation form/ownership _____
 Limited Liability Company/joint private property acc. to OKOPF/OKFS _____
 Units of measurement: thousand rubles acc. to OKIEI _____

I. Capital flow

Line item	Code	Authorized capital	Treasury shares redeemed from the shareholders	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Capital amount as of December 31, 2016	3200	50	-	5200	-	(153 033)	(147 783)
<i>For 2017</i>							
Capital increase - total:	3310	-	-	-	-	-	-
including: net profit	3311	X	X	X	X	-	-
property revaluation	3312	X	X	-	X	-	-
profit referred directly to the capital increase	3313	X	X	-	X	-	-
additional share issue	3314	-	-	-	X	X	-
increase in nominal value of shares	3315	-	-	-	X	-	X
corporate entity restructuring	3316	-	-	-	-	-	-

Line item	Code	Authorized capital	Treasury shares redeemed from the shareholders	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Capital decrease - total:	3220	-	-	-	-	(2213)	(2213)
including: loss	3221	X	X	X	X	(2213)	(2213)
property revaluation	3222	X	X	-	X	-	-
costs referred directly to the capital	3223	X	X	-	X	-	-
decrease	3224	-	-	-	X	-	-
decrease of nominal values of shares	3225	-	-	-	X	-	-
decrease in number of shares	3226	-	-	-	-	-	-
corporate entity restructuring	3227	X	X	X	X	-	-
dividends	3230	X	X	-	-	-	X
Change of additional capital	3240	X	X	X	-	-	X
Change of reserve capital	3200	50	-	5200	-	(155 246)	(149 996)
Capital amount as of December 31, 2017							
For 2018							
Capital increase - total:	3310	-	-	-	-	-	-
including: net profit	3311	X	X	X	X	-	-
property revaluation	3312	X	X	-	X	-	-
profit referred directly to the capital	3313	X	X	-	X	-	-
increase	3314	-	-	-	X	X	-
additional share issue	3315	-	-	-	X	-	X
increase in nominal value of shares	3316	-	-	-	-	-	-
corporate entity restructuring	3320	-	-	-	-	(21 481)	(21 481)
Capital decrease - total:							
including: loss	3321	X	X	X	X	(21 481)	(21 481)
property revaluation	3322	X	X	-	X	-	-
costs referred directly to the capital	3323	X	X	-	X	-	-
decrease	3324	-	-	-	X	-	-
decrease of nominal values of shares	3325	-	-	-	X	-	-
decrease in number of shares	3326	-	-	-	-	-	-
corporate entity restructuring	3327	X	X	X	X	-	-
dividends	3330	X	X	-	-	-	X
Change of additional capital	3340	X	X	X	-	-	X
Change of reserve capital	3300	50	-	5 200	-	(176 727)	(171 477)
Capital amount as of December 31, 2018							

2. Corrections due to changes in accounting policy and correction of errors

Line item	Code	As of December 31, 2018	Changes in capital for 2017		As of December 31, 2016
			for the account of net profit (loss)	for the account of other factors	
Total capital					
before corrections	3400	-	-	-	-
correction due to:					
changes in accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after corrections	3500	-	-	-	-
including:					
Undistributed profit (uncovered loss):					
before corrections	3401	-	-	-	-
correction due to:					
changes in accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after corrections	3501	-	-	-	-
before corrections	3402	-	-	-	-
correction due to:					
changes in accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after corrections	3502	-	-	-	-

Cash flow Statement
as of January-December 20 18

Form according to OKUD

Date (day, month, year)

Company Limited Liability Company "Sun Pharmaceutical Industries" acc. to OKPO

Taxpayer identification number _____ INN

Authorized business Wholesale trade in pharmaceuticals and medical goods acc. to OKVED

Incorporation form/ownership _____

Limited Liability Company/Joint private property and foreign property acc. to OKOPF/OKFS

Units of measurement: thousand rubles acc. to OKEI

Codes		
0710004		
31	12	2018
83236036		
7728638440		
46.46.1		
12300		34
384		

Line item	Code	For January-December 2018	For January-December 2017
Proceeds from current transactions			
Total proceeds	4110	618	2 603
including:			
Sale of products, goods, works and services	4111	-	-
Rent payments, license payments, royalties, commission and other similar payments	4112	-	-
Resale of financial investments	4113	-	-
Tax refund from the budget and others	4114	618	2 603
Other proceeds	4119	-	-
Total payments	4120	(5 014)	(6 890)
including:			
To suppliers (contractors) for raw stuff, materials, works, services	4121	(2 707)	(3 283)
To staff as remuneration	4122	(1 643)	(1 673)
Interest on loan	4123	-	0
Corporate tax	4124	-	(1 208)
	4125	-	-
Other payments	4129	(664)	(726)
Balance of cash flow of current transactions	4100	(4 396)	(4 287)
Cash flow of investment transactions			
Total proceeds	4210	-	-
including:			
Sale of non-current assets (except for financial investments)	4211	-	-
Sale of shares (participatory interests) held in other companies	4212	-	-
Repayment of issued loans, sale of debt securities (rights on claim of financial assets to the third parties)	4213	-	-
Dividends, interest on loan financial investments and similar proceeds of participation in other Companies	4214	-	-
	4215	-	-
Other proceeds	4219	-	-
Total payments	4220	-	-
including:			
acquisition, creation, upgrade, reconstruction and preparation for use of non-current assets	4221	-	-
Acquisition of shares in other companies (participatory interests)	4222	-	-
Acquisition of debt securities (rights on claim of financial assets to the third parties), issue of loans to other parties	4223	-	-
Interest on loan liabilities, included into cost of investment assets	4224	-	-
	4225	-	-
Other payments	4229	-	-
	4200	-	-
Balance of cash flow of investment transactions		-	-

5. Explanation of information set out in the accounting statements.

1. Fixed Assets
1.1. Fixed assets availability and flow

Line item	Code	Period	As of beg. of year		Changes for period				As of the end of year		
			Primary cost	Accumulated depreciation	Receipt	Retired items		Revaluation		Primary cost	Accumulated depreciation
						Primary cost	Accumulated depreciation	Primary cost	Accumulated depreciation		
Total Fixed assets (without consideration of income-bearing investments into tangible assets)	5200	for 2018	729	(679)	-	-	(50)	-	729	(729)	
			1155	(904)	(426)	426	(201)	-	729	(679)	
Including: Vehicles	5210	for 2017	-	-	-	-	-	-	-	-	
	5201 5211	for 2018 for 2017	-	-	-	-	-	-	-	-	
Machines and equipment (except for office machines and equipment)	5202	for 2018	729	(679)	-	-	(50)	-	729	(729)	
	5212	for 2017	1098	(847)	(369)	369	(201)	-	729	(679)	
Office equipment	5203	for 2018	-	-	-	-	-	-	-	-	
	5213	for 2017	57	(57)	(57)	57	-	-	-	-	
Other fixed assets	5204	for 2018	-	-	-	-	-	-	-	-	
	5214	for 2017	-	-	-	-	-	-	-	-	
Total: recognized within income-bearing investments into material valuables	5220	for 2018	-	-	-	-	-	-	-	-	
	5230	for 2017	-	-	-	-	-	-	-	-	
Including:	5221	for 2018	-	-	-	-	-	-	-	-	
	5231	for 2017	-	-	-	-	-	-	-	-	

1.2. Capital investments in progress

Line description	Code	Period	As of beginning of year	Changes for period		As of the end of the period
				Costs during the period	Accepted for recognition of fixed assets of cost is increased	
Total construction in progress and transactions in progress for acquisition, upgrading etc. of fixed assets	5240	for 2018	-	-	-	-
	5250	for 2017	-	-	-	-
Including:	5241	for 2018	-	-	-	-
	5251	for 2017	-	-	-	-

Finished products	5402	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	5422	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goods for resale	5403	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5423	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shipped goods and finished products	5404	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5424	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses in production in progress	5405	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5425	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other inventories and costs	5406	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5426	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses (for analytic accounts, which are set out in balance within "Inventories")	5407	for 2018	33	-	-	-	-	-	-	-	10	-	-	-	-	-	-	-	-	-	23
	5427	for 2017	40	-	-	-	-	-	108	-	(115)	-	-	-	-	-	-	-	-	-	-

3. Accounts receivable and Accounts payable

3.1 Availability and flow of accounts receivable

Line item	Code	Period	As of beginning of period		Changes for period					As at the end of period													
			Recognized under the terms of agreement	Amount of provision for doubtful debt	As a result of business transactions (debt amount under the transaction)	Receipt	Repayment	Retired	Provision recovery	Transfer from long-term to short-term debt	Recognized under the terms of agreement	Amount of reserve for bad debt											
Total long-term accounts receivable	5501	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	5521	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Including: Settlements with buyers and customers	5502	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5522	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued advances	5503	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5523	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	5504	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5524	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5505	for 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5525	for 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total short-term accounts receivable	5510	for 2018	1557	(288)	-	-	(1144)	-	-	-	288	-	-	-	-	-	-	-	-	-	413	-	-
	5530	for 2017	8044	(4662)	231	-	(7416)	-	-	-	4374	-	-	-	-	-	-	-	-	-	1557	-	(288)

Including: Settlements with buyers and customers	5511	for 2018	219	(219)	-	-	-	-	-	-	-	-	-
	5531	for 2017	4518	(4518)	-	-	-	-	-	-	-	-	-
Issued advances	5512	for 2018	441	-	-	-	-	-	-	-	-	-	-
	5532	for 2017	690	-	201	-	-	-	-	-	-	-	-
Other	5513	for 2018	897	(69)	-	-	-	-	-	-	-	-	-
	5533	for 2017	2,836	(144)	30	-	-	-	-	-	-	-	-
	5514	for 2018	-	-	-	-	-	-	-	-	-	-	-
	5534	for 2017	-	-	-	-	-	-	-	-	-	-	-
Total	5500	for 2018	1557	(288)	-	-	-	-	-	-	-	-	-
	5520	for 2017	8044	(4662)	231	-	-	-	-	-	-	-	-

3.2. Availability and flow of accounts payable

Line item	Code	Period	Balance as at the beginning of period	Changes for period			Balance as at the end of period
				Receipt	Retired	Transfer from long-term to short-term debt	
Total long-term Accounts payable	5551	for 2018	-	80 307	-	-	80 307
	5571	for 2017	-	-	-	-	-
including: credits	5552	for 2018	-	-	-	-	-
	5572	for 2017	-	-	-	-	-
loans	5553	for 2018	-	-	-	-	-
	5573	for 2017	-	-	-	-	-
other	5554	for 2018	-	-	-	-	-
	5574	for 2017	-	-	-	-	-
Total short-term Accounts payable	5560	for 2018	178 683	20 219	(80 326)	-	118 725
	5580	for 2017	183 898	(10)	(5 943)	698	178 683
including: settlements with suppliers and contractors	5561	for 2018	16	41	(16)	-	41
	5581	for 2017	53	-	(37)	-	16
Received advances	5562	for 2018	-	-	-	-	-
	5582	for 2017	-	-	-	-	-
Settlements for taxes and levies	5563	for 2018	16	(2)	(3)	-	14
	5583	for 2017	19	(10)	(701)	698	16
Credits	5564	for 2018	97 920	20 180	-	-	118 100
	5584	for 2017	103 117	-	(5 197)	-	97 920
Interest on loan	5565	for 2018	424	146	-	-	570
	5585	for 2017	394	30	-	-	424

Other	5566	for 2018	80 307						
	5586	for 2017	80 3158						
	5567	for 2018	-					(8)	
	5587	for 2017	-						
Total	5550	for 2018	178 683	100 526	149			(80 326)	199 032
	5570	for 2017	183 898	(10)	40			(5 943)	178 683

4. Production costs

Line item	Code	for 2018	for 2017
Tangible costs	5610		
Salaries	5620	1 075	1 304
Social security withholdings	5630	409	379
Depreciation	5640	50	201
Other costs	5650	3 241	3 508
Total by items	5660	4 775	5 392
Change of balances (increase [-]): in production in progress, finished products etc.	5670		
Change of balances (decrease [+]): in production in progress, finished products etc.	5680		
Total costs for ordinary business	5600	4 775	5 392

5. Estimated liabilities

Line item	Code	Balance as of beginning of year	Recognized	Retired	Written-off as excessive amount	Balance as of the end of period
Total estimated liabilities including:	5700	416	830	(949)	-	297
Estimated liabilities for payment of paid leave	5701	139	229	(227)	-	141
Estimated liabilities for payment of annual bonus	5702	79	130	(53)	-	156
Estimated liabilities for payment of bonus to buyers	5703	-	-	-	-	-
Estimated liabilities for actual costs	570	198	471	(669)	-	-

SUN PHARMACEUTICAL INDUSTRIES

Moscow, 107023, Elektrozavodskaya Str., 27, bldg. 8, suite 14/1A Telephone: (495) 234-56-11

NOTES

to the Balance Sheet and Profit and Loss Statement of Sun Pharmaceutical Industries LLC for 2018

1. Information on the Company.

Name and details of the Chief Executive Officer and Chief Accountant.

Limited Liability Company "Sun Pharmaceutical Industries", hereinafter referred to as the "Company", was incorporated in compliance with the Civil Code of the Russian Federation and Federal Law dated 08.02.1998 No. 14-FZ "On Limited Liability Companies".

Full name of the Company in Russian: Общество с ограниченной ответственностью "Сан Фармасьютикл Индастриз", short firm name in Russian: ООО "Сан Фармасьютикл Индастриз". Full firm name of the Company in English: Sun Pharmaceutical Industries Limited, short name in English: Sun Pharmaceutical Industries LTD.

Chief Executive Officer of the Company is its Director.

Before 16.01.2018, Director of the Company was Kanniputur Kuppuswami Kamalakkannan, citizen of the Republic of India. In virtue of Resolution No. 17 of the Founding Member of the Company dated 16.01.2018, Olga Vladimirovna Syrkasheva was elected Director. Olga Vladimirovna Syrkasheva fulfilled the responsibilities of the Chief Accountant of the Company before 16.01.2018. In virtue of Order No. 2-18 dated 16.01.2018, the responsibilities of keeping accounts were entrusted to the Director beginning from 16.01.2018.

Information on address (location).

Before 10.09.2018 - 129223, Moscow, prospekt Mira, 119, building 537/6. Address of the permanent executive body before 10.09.2018: 129223, Moscow, prospekt Mira, 119, building 537/6, suite 62.

Beginning from 11.09.2018 - 107023, Moscow, Elektrozavodskaya Street, 27, suite 8, office 14/1A. Address of permanent executive body: 107023, Moscow, Elektrozavodskaya Street, 27, suite 8, office 14/1 A. Contact telephone/fax: (495) 234- 56-11

Information on the authorized capital.

The authorized capital of the Company is established by the constituent documents and formed by the monetary funds in the amount of 50 000 rubles. The authorized capital is fully formed.

Information on incorporation of the legal entity and registration authority.

Main State Registration Number 1077762356770 was assigned in the Uniform State Register of the Legal Entities. Certificate of Registration series 77 No. 008605714 was issued by Interdistrict Inspectorate of the Federal Tax Service No. 46 for the city of Moscow on 12.11.2007.

Information on filing at tax authority.

Before 11.09.2018, the Company had been filed at tax authority at its location - by the Inspectorate of the Federal Tax Service of the Russian Federation No. 17 for the city of Moscow with assignment of Taxpayer Identification Number 7728638440, Code of reason for filing 771701001 (Certificate dated 29.07.2015, series 77 No. 017228646).

The company has been filed since 11 09.2018 at tax authority at place of its location - Inspectorate of the Federal Tax Service of the Russian Federation No. 18 for the city of Moscow, with assignment of TIN 7728638440, CRF 771801001 (Certificate of filing was recorded in the Register

under No. 77/785-н/77-2018-12-34 13.09.2018).

Information on members.

Sun Pharmaceutical Industries Limited, a company incorporated under the laws of the Republic of India is the sole member of the Company. Address: SPARK, Tandalia, Baroda-390 020, Gujarat, INDIA. Registration date: 01.03.1993. Registration number: 04-19050. Registration authority: Department of registration of business companies of Gujarat

As of 31.12.2018 the member owns a 100% share in the authorized capital with the nominal value of 50 000 (fifty thousand) rubles.

Information on businesses and licenses.

Main business – wholesale trade in pharmaceuticals and medical goods (OKVED code - 46.46.1)

License for pharmaceutical business No. FS-99-02-005430 dated 15.06.2016, issued by the Federal Service for supervision in the field of healthcare, without limitation in time, to exercise at the address: 129223, Moscow, Prospekt Mira Str., 119, bldg. 537/6 and at the address: 143581, Moscow region, Istrinsky district, village Leshkovo, 248, bldg. 4.

License for pharmaceutical business No. FS-99-02-007026 dated 11.02.20196, issued by the Federal Service for supervision in the field of healthcare, without limitation in time, to exercise at the address: 107023, Moscow, Elektrozavodskaya Street, 27, building 8, suite 14/1A and at the address: 143581, Moscow region, Istrinsky district, village Leshkovo, 248, bldg. 4.

Number of employees of the Company as at the reported date - 2 persons.

Information on the detached divisions

The Company opened a detached division. Location of detached division: 143581, Moscow region, Istrinsky district, village Leshkovo, bldg. 248, 2-4. Detached division was filed on March 09, 2016 by the Inspectorate of the Federal Tax Service for town Istra of Moscow region (Notification No. 28224960 dated 09.03.2016). The detached division does not have a separate balance, and current accounts opened in the banks.

2. Information on business.

The company does not refer to a small business entity, it applies a standard taxation scheme and practices PBU 18/02 “Profit tax accounting”. In compliance with the Articles of Association of the Company, its main business is a wholesale trade in pharmaceuticals and medical goods. The Company did not trade during 2018. The Company did not carried out investment business during the reported year.

Accounting statements of the Company were prepared in compliance with the requirements of Russian laws with respect to preparation and presentation of the accounting statements. In compliance with paragraph 4 of Order of the Ministry of Finance of the Russian Federation No. 66н, the notes to the Balance Sheet and Profit and Loss Statement have been prepared, inter alia, in the form of a table, taking into consideration Appendix No. 3 to such Order.

3. Main elements of accounting policy of the Company

For accounting and tax accounting purposes the Company applied in 2018 the accounting policy approved by the Orders of Director Nos. 19, 20 dated 20.12.2017 respectively.

Organizational and technical aspects of accounting policy.

Accounting and tax accounting are carried out by accounting department under the management of the Chief Accountant. In virtue of Order No. 2-18 dated 16.01.2018, the responsibilities of keeping accounts were entrusted to the Director beginning from 16.01.2018.

The accounting is carried out with the help of special accounting software 1C: Enterprise UPP 8.2. As working chart of accounts, the Company uses the chart of accounts from 1C software, which is created on the basis of model Chart of accounts approved by the Order of the Ministry of Finance of the Russian Federation dated 31.10.2000 No. 94n. The Company uses the ledgers for accounts and tax records generated by 1C software.

Main elements of accounting policy for the purposes of accounting:

Accounting of property, liabilities and business transactions is carried out in Russian rubles and kopecks; The figure of 10 per cent is a materiality guideline (from data according to respective group of accounts in the Balance Sheet);

The unified forms approved by the State Statistics Committee of Russia are used as the forms of primary accounting documents. In addition, the Company uses the forms generated by 1C software; The forms indicated in appendix to the Order of the Ministry of Finance of Russia dated 02.07.2010 No. 66n are used as accounting records forms;

Document flow Schedule is subject to approval by a separate order of the Director;

Inventory taking of assets and liabilities is carried out in compliance with the procedure approved by the Order of the Ministry of Finance of Russia dated 13.06.95 No. 49. The terms of inventory taking for the selected types of assets and liabilities are subject to separate orders of Director;

Limit cost of assets recognized within the fixed assets is 40 000 rubles; A single method of depreciation accrual, i.e. linear method, is used for all fixed assets; Useful life of fixed assets is determined proceeding from the Classification of fixed assets, included into depreciation groups, approved by the Order of the Government of the Russian Federation dated 01.01.02 No. 1; Provision for repair of fixed assets is not formed; Expenses for the repair are recorded in the accounts of the reported period, during which such repairs were done;

A single method of depreciation accrual, i.e. linear method, is used for all intangible assets;

Stock number is a unit of account of materials; The materials are recognized by actual prices; For materials valuation, when they are transferred for sale or other purposes, the Company uses a single method, i.e. average primary cost method; Transport and procurement expenses during the purchase of goods are included into the primary cost of the purchased goods.

The primary cost of the purchased goods is formed in account 15 "Procurement and purchase of tangible assets" without using account 16 "Deviation in cost of tangible assets". In order to evaluate all goods, when they are transferred to sale or other purposes, the Company uses a single method – cost of goods is transferred to expenses at their average primary value;

Special tooling and overalls are recognized in manner prescribed for the accounting of materials and supplies inventories;

Expenses for obtaining of loans are recognized for a total amount in the same reported period, when such expenses were incurred;

The Company creates the Provisions for doubtful debts, for decrease in value of inventories, incurred costs without documentary support, bonuses for customers are created;

Permanent and temporary differences are recorded in the accounts on the basis of primary accounting documents and affect tax accounts immediately, which names and intended purposes are similar;

The amounts of deferred tax asset and deferred tax liability are recorded separately in accounts.

Main principles of accounting policy for the purposes of taxation:

Profit tax

The facilities complying with the requirements of Articles 256 and 257 of Tax Code of the Russian Federation, which useful life is more than 12 months and primary cost is more than 100 thousand rubles, are recognized within the depreciated assets; Increasing and decreasing factors of depreciation value are not used;

When selling the bought-in goods, their acquisition cost is determined according to average cost;

Provisions (for repairs of fixed assets, for doubtful debts, for warranty repairs and maintenance) are not formed;

Three, six and nine months of the calendar year are regarded as reported periods for the purposes of profit tax; Settlements for profit tax are made by payment of monthly advance payments;

Profit and loss are recognized by accrual method;

The acquisition cost of goods for sale comprises the purchase price of the goods, customs fees and levies, costs for delivery of the goods to the company's warehouse, other costs related to acquisition of the goods;

The taxes accrued to the detached division are paid by the head company at place of its location; Taxable profit falling to the detached division located in other place than the head company, is determined pro rata to the average number of staff;

Value Added Tax

The transactions imposed at the rates of 10 and 18 per cent, and exempt transaction are recorded separately in accounting and tax accounting ledgers;

For goods (works, services, proprietary interests), used both in transactions subject to VAT and exempt transactions, the deduction amount is determined pro rata to the value of goods (works, services, proprietary interests), shipped during the reported quarter and subject to VAT, within the total value of goods (works, services, proprietary interests), shipped during the reported quarter;

The detached divisions do not issue pro forma invoices and do not keep purchase ledgers and sales ledgers;

Tax accounting data are collected in tax accounting ledgers on the basis of the primary documents, including the accounting notes.

4. Main exponents of Company's business and information on financial standing.

The Company didn't carry out business of wholesale trade in drugs in 2018.

As of 31.12.2018 the foreign exchange of the Balance Sheet amounted to 27 852 thousand rubles and decreased by 1 251 thousand rubles as compared to the foreign exchange of the balance sheet as of 31.12.2017. Such decrease in the foreign exchange of the Balance Sheet was mostly caused by the decrease of amount in line "Cash and cash equivalents" in the Assets section of the Balance Sheet and increase in the uncovered loss and accounts payable in the Liabilities section of the Balance Sheet.

According to information of Profit and Loss Statement, the main indicators of the Company for 2018 are the following:

- management expenses amounted to 4 775 thousand rubles, which is by 617 thousand rubles lower than in 2017;
- other income amounted to 8 280 thousand rubles, which is by 6 846 lower than in 2017;
- other expenses amounted to 28 991 thousand rubles, which is by 18 126 thousand rubles more than in 2017;
- accounting loss before taxation amounted to 25 539 thousand rubles, which is by 24 358 thousand rubles more than in 2017;
- net loss amounted to 21 481 thousand rubles, which is by 19 628 thousand rubles more than in 2017.

Within other revenues and expenses, the main part falls to exchange rate differences. Income of exchange rate differences amounted to 7 555 thousand rubles, loss of exchange rate differences amounted to 27 822 thousand rubles; Profit of the exchange rate differences amounted to 20 267 thousand rubles.

The Company incurred loss of 20 289 thousand rubles in tax accounting due to non-recognition of management costs and increase of amount of negative exchange differences.

Information on transactions in foreign exchange.

In 2018 the Company carried out transactions in foreign exchange (USD): accrual of interest on loan, revaluation of assets and liabilities in foreign exchange as at the transaction date and accounts preparation date.

The exchange rate differences in 2018 were caused by revaluation of assets and liabilities in foreign exchange (loan liabilities, cash on currency accounts). The loss of 20 267 thousand rubles was incurred due to exchange rate differences upon the results of 2018.

Exchange rate of the Central Bank of the Russian Federation applied as at the reported date of accounting statements (as at 31.12.2018): 1 USD - 69,4706 rubles.

Settlements for profit tax (application of rules of PBU 18/02).

The substantial discrepancies between the accounting and tax records are caused by the fact that the following expenses were not accepted for the purposes of taxation in the reported year (permanent differences occurred):

- amounts of management expenses – 4 475 thousand rubles
- amounts of written-off VAT (amounts of VAT not accepted for refund from the budget) - 487 thousand rubles.

Provisions and estimated liabilities.

In 2018, the previous provision for doubtful debts was cleared in accounting in the amount of 288 thousand rubles (the doubtful debt for supplied goods of the buyers was written off). There is no balance on account 63 "Provisions for doubtful debts" as at 31.12.2018. As at 31.12.2018, the provision for vacations amounts to 141 thousand rubles, provision for annual bonus – 156 thousand rubles.

No provisions were created within the tax accounting.

Loan liabilities and maturity periods

The line 15103 of the Balance Sheet records the loan liabilities in rubles – 118 100 thousand rubles (in foreign exchange in the amount of USD 1 700 000). Maturity of loans falls to April 2019.

6. Information on the related parties

Information on the related parties and transactions with such parties as of 31.12.2018 is set out below.

1. Kanniputur Kuppaswami Kamalakkannan - person exercising the powers of the Executive Officer. The Company entered into the following transactions with the related party:

- payments of salary for 2018 in compliance with the Employment Contract;
- personal income tax;
- mandatory payments to off-budget funds accrued on the salaries.

2. O.V. Syrkasheva, person exercising the powers of the Executive Officer. The Company entered into the following transactions with the related party:

- payments of salary for 2018 in compliance with the Employment Contract;
- personal income tax;
- mandatory payments to off-budget funds accrued on the salaries.

3. The sole member of the Company - Sun Pharmaceutical Industries Limited, a company incorporated under the laws of the Republic of India. As of 31.12.2018 the member owns a 100% share in the authorized capital with the nominal value of 50 000 (fifty thousand) rubles.

The Company does not entered in any transactions with such related party.

7. Events after reporting date.

In accordance with the point 3 PBU 7/98 «Events after reporting date» the event after the reporting date is understood as the fact of economic activity which exerted or can exert the impact on the financial condition, cash flow or results of the company's business and which takes place between the reported date and signature date of accounting records for the financial year.

The company has no such relevant facts of economic activity to be recognized as events after reporting date in the financial statements for 2018.

8. Contingencies of business.

The Company did not have any contingencies of business during economic activity in 2018.

9. Results and prospects

The Company did not carry out trade business, i.e. wholesale trade in pharmaceuticals manufactured by the Indian company Sun Pharmaceuticals Industries Limited (India) in 2018.

Loss of non-sale transactions amounted to 20711 thousand rubles.

Loss before taxation in accounting records amounted to – 25 539 thousand rubles.

At the reported year-end, the Company incurred a net loss of 21 481 thousand rubles.

In 2018 the Company did not extend the markets of sales of the drugs, decreased considerably the number of the buyers and sales volume in comparison with 2017.

They amounted in 2016 – (147 783) thousand rubles, in 2017 - (140 996) thousand rubles and in 2018

– However negative net assets still remain in the Company.

(171 477) thousand rubles at the background of the invariable amount of the authorized capital

