

***Sun Pharma Japan Ltd.***

**Independent Auditor's Report**

**Balance Sheet and Statement of  
Operations**

*Year Ended March 31, 2018*



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## Independent Auditor's Report

Board of Directors  
Sun Pharma Japan, Ltd.

We have audited the accompanying balance sheet of Sun Pharma Japan, Ltd. as of March 31, 2018 and the related statement of operations for the year then ended (the "financial statements").

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that our audit provides a reasonable basis for our audit opinion.

### *Opinion*

In our opinion, except for the matter described below, the financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Sun Pharma Japan, Ltd. as of and for the year ended March 31, 2018, for which the financial statements are prepared in accordance with accounting principles generally accepted in Japan.

The accompanying financial statements as of and for the year ended March 31, 2018 are translated into English from the financial statements issued in Japan. Certain modifications and reclassifications have been made for the convenience of readers unfamiliar with Japanese GAAP presentation rules and methods.

Also, management has elected to omit all of the disclosures ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in Japan. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenue and expenses.

BDO Sanyu & Co.  
Tokyo, Japan  
May 8, 2018

Sun Pharma Japan Ltd.  
Balance Sheet as of March 31, 2018

(Japanese Yen)

Assets	
<b>Current Assets</b>	
Cash and Deposits	1,029,842,107
Trade Receivable	1,265,257,785
Inventories, net of Inventory Reserve of 42,662,256	201,859,181
Prepaid Expenses	62,732,021
Claims Receivable- Insurance	131,136,000
<b>Total Current Assets</b>	<b>2,690,827,094</b>
<b>Non-Current Assets</b>	
<b>Property and Equipment</b>	
Buildings	4,682,255
Leasehold Improvement	29,958,084
Machinery & Equipment	60,072,002
Office Equipments	44,181,129
Accumulated Depreciation	(31,317,515)
<b>Total Property and Equipment</b>	<b>107,575,955</b>
<b>Intangible Assets</b>	<b>731,667</b>
<b>Other Assets</b>	
Long Term Prepaid Expenses	2,913,566
Security Deposits	51,188,545
<b>Total Other Assets</b>	<b>54,102,111</b>
<b>Total Non-Current Assets</b>	<b>162,409,733</b>
<b>Total Assets</b>	<b>2,853,236,827</b>

Sun Pharma Japan Ltd.  
Balance Sheet as of March 31, 2018

(Japanese Yen)

<b>Liabilities</b>	
<b>Current Liabilities</b>	
Trade Payable	3,691,754,221
Accounts Payable Other	152,535,335
Accrued Expenses	33,496,972
Income Tax Payable	663,300
Consumption tax payable	2,188,487
Deposits received	12,155,227
Provision for Bonus	49,626,041
Other Liabilities	681,696
<b>Total Current Liabilities</b>	<b>3,943,101,279</b>
<b>Non-Current Liabilities</b>	
Long Term Loan	1,285,641,980
Deferred Rent	8,750,055
Asset Retirement Obligation	11,100,000
Provision for Retirement Benefits	9,782,500
Other Liabilities	2,424,600
<b>Total Non-Current Liabilities</b>	<b>1,317,699,135</b>
<b>Total Liability</b>	<b>5,260,800,414</b>
<b>Equity</b>	
Equity	
Share Capital	158,000,000
Deficits	(2,565,563,587)
<b>Total Equity</b>	<b>(2,407,563,587)</b>
<b>Total Liabilities and Equity</b>	<b>2,853,236,827</b>

Sun Pharma Japan Ltd.  
Statement of Operations for the year ended March 31, 2018

	(Japanese Yen)
Product Sales	41,890,721
Cost of Product Sales	29,795,099
Commision	200,561,809
<b>Gross Profit</b>	<b>212,657,431</b>
Selling, General and Administrative Expenses	
Personnel expenses	272,840,813
Reserch and Development	334,673,005
Depreciation and Amortization	7,804,792
Other	269,531,785
Total Selling, General and Administrative Expenses	884,850,395
<b>Operating Loss</b>	<b>(672,192,964)</b>
Non-Operating Income	
Interest Income	14,014
Miscellaneous Income	3,914,836
Total Non-Operating Income	3,928,850
Non-Operating Expenses	
Interest Expense	1,244,403
Foreing Exchange Loss	179,691
Miscellaneous Expenses	455,946
Total Non-Operating Expense	1,880,040
<b>Ordinary Loss</b>	<b>(670,144,154)</b>
Extraordinary Loss	973,028,189
<b>Extaraordinary Loss</b>	<b>973,028,189</b>
Loss before Income Tax	(1,643,172,343)
Income Tax	292,145
Net Loss	(1,643,464,488)