



BDO spółka z ograniczoną odpowiedzialnością sp.k.
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*This document is a translation.
The Polish original should be referred to in matters of interpretation.*

**Independent Auditor's Report
to the Shareholders of Ranbaxy (Polska) Sp. z o.o.**

Report on the Audit of the Year-end Financial Statements

Opinion

We have audited the year-end financial statements of Ranbaxy (Polska) Sp. z o.o. ("the Company"), comprising the balance sheet as at 31 March 2020, the profit and loss account, the statement of changes in equity and the statement of cash flows for the year then ended, as well as additional information and explanations ("the financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's financial position as at 31 March 2020, as well as of its financial result and cash flows for the financial year then ended, in accordance with the applicable provisions of the Accounting Act of 29 September 1994 ("the Accounting Act" - 2019 Journal of Laws, item 351 with subsequent amendments) and the adopted accounting methods (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Articles of Association;
- have been prepared on the basis of properly kept books of account in accordance with Chapter 2 of the Accounting Act.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing adopted by the National Council of Certified Auditors as National Standards on Auditing ("NSA") and in compliance with the Act on Certified Auditors, Audit Firms and on Public Supervision ("the Certified Auditors Act" - 2019 Journal of Laws, item 1421 with subsequent amendments). Our responsibilities under those standards are further described in the *Responsibilities of the Auditor for the Audit of the Financial Statements* section of this report.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("the IFAC Code") and adopted by resolutions of the National Chamber of Certified Auditors, and with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act.

BDO spółka z ograniczoną odpowiedzialnością sp.k., Sąd Rejonowy dla m. st. Warszawy, XIII Wydział Gospodarczy, KRS: 0000729684, REGON: 14122257, NIP: 108-000-42-12. Biura BDO w Polsce: Katowice 40-007, ul. Uniwersytecka 13, tel.: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, al. Pokoju 1, tel.: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel.: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel.: +48 71 734 28 00, wroclaw@bdo.pl

BDO spółka z ograniczoną odpowiedzialnością sp.k. Jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to note 21 of the financial statements where the pandemic of Coronavirus COVID-19 was described and related uncertainty. Our opinion is not modified in respect of this matter.

Responsibilities of the Company's Management for the Financial Statements

The Company's Management is responsible for the preparation, based on properly kept books of account, of the financial statements that give a true and fair view of the Company's financial position and financial result in accordance with the provisions of the Accounting Act, the adopted accounting methods (policies), the applicable binding regulations and the Company's Articles of Association. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Company or discontinue its operations, or has no realistic alternative but to do so.

The Company's Management is required to ensure that the financial statements meet the requirements of the Accounting Act.

Responsibilities of the Auditor for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these financial statements.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.

Throughout an audit in accordance with NSA, we exercise professional judgement and maintain professional skepticism, as well as:

- Identify and assess the risks of a material misstatement of the financial statements resulting from fraud or error, design and perform audit procedures in response to such 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 the risk of not detecting a material

- misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;
- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Company's internal controls;
 - evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
 - conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Other Information, Including Report on Activities

Other information comprises the report on the Company's activities for the financial year ended 31 March 2020 ("the Report on Activities").

Responsibilities of the Company's Management

The Company's Management is responsible for the preparation of the Report on Activities in accordance with binding regulations.

The Company's Management is required to ensure that the Report on Activities meets the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the financial statements does not cover the Report on Activities. In connection with our audit of the financial statements, our responsibility is to read the Report on Activities and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we find a material misstatement of the Report on Activities, we are required to state this fact on our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the financial statements.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on Activities:

- has been prepared in accordance with Article 49 of the Accounting Act;
- is consistent with the information presented in the financial statements.

Furthermore, based on our knowledge obtained during the audit about the Company and its environment, we have identified no material misstatements in the Report on Activities.

The auditor in charge of the audit resulting in this independent auditor's report is Michał Włodarczyk.

**BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw
entered on the list of audit firms in number 3355**

represented by the auditor in charge

/signed with a qualified electronic signature on the Polish original/

Michał Włodarczyk
Certified Auditor
Register No. 12436

Poznań, May 12TH, 2020

RANBAXY (POLAND) SP. Z O.O.

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2020**

TABLE OF CONTENTS

STATEMENT OF THE MANAGEMENT BOARD	3
INTRODUCTION TO THE FINANCIAL STATEMENTS	4
BALANCE SHEET	12
PROFIT AND LOSS ACCOUNT	15
STATEMENT OF CHANGES IN EQUITY	17
STATEMENT OF CASH FLOWS	19
SUPPLEMENTARY INFORMATION AND EXPLANATIONS	21

STATEMENT OF THE MANAGEMENT BOARD

In accordance with Art. 52, paragraph 1 of the Accounting Act of 29 September 1994 (Official Journal 2019 item 351 with amendments), the Management Board of Ranbaxy (Poland) Sp. z o.o. ("the Company") presents the financial statements, which consist of:

- 1) the introduction to the financial statements;
- 2) the balance sheet as at 31 March 2020 with total assets and total liabilities and equity of PLN 17.397,8 thousand;
- 3) the profit and loss account for the period from 1 April 2019 to 31 March 2020 with a net profit of PLN 1,009.1 thousand;
- 4) the statement of changes in equity for the period from 1 April 2019 to 31 March 2020 with an equity increase of PLN 1,009.1 thousand;
- 5) the statement of cash flows for the period from 1 April 2019 to 31 March 2020 with a net cash decrease of PLN 3.671,6 thousand;
- 6) supplementary information and explanations.

Arora Hemant

Member of the Management Board

Przemysław Chromiec

Member of the Management Board

Małgorzata Czarnecka

Person responsible for Financial Accounting

Warsaw, 12 May 2020

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

1. General information on the Company

1. 1 Company name

Ranbaxy (Poland) Sp. z o.o. ("the Company")

1. 2 Registered office

ul. Kubickiego 11
02-954 Warszawa

1. 3 Registration in the National Court Register

Seat of the court: District Court for the Capital City of Warsaw in Warsaw,
XIII Commercial Department of National Court Register

Date: 27 November 2001

Registration number: 0000066017

1. 4 Primary business activities and the period of the Company's activities

The Company's core business is marketing.

The Company's scope of business activities listed in its Deed include also the following:

- advertisement
- wholesale trade of imported pharmaceutical materials,
- marker research
- production of pharmaceutical materials and finished products,
- marketing services,
- distribution services,
- wholesale trade of imported consumer merchandises, especially finished drug products,
- technological research.

The Company was established for an indefinite period.

1. 5 Reporting period

The Financial Statements were prepared for the period from 1 April 2019 to 31 March 2020 and the comparative information is prepared for the period from 1 April 2018 to 31 March 2019

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

1. 6 *Going concern assumption*

The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future.

There is no evidence indicating that the Company will not be able to continue its activities as a going concern.

2. *Significant accounting policies*

The significant accounting policies which have been followed in the preparation of these financial statements are as follows:

2. 1 *Basis of financial statements preparation*

The financial statements have been prepared in accordance with the practice followed by enterprises in Poland, based on accounting standards promulgated in the Accounting Act dated from 29 September 1994 (Official Journal 2019 item 351 with amendments) and respective bylaws and regulations.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. 2 *Revenue and expenses*

Revenue and expenses are recognized on the accrual basis in the period to which they relate, regardless of the period in which related payments are made or received.

The Company records expenses by type of expenditure and prepares its profit and loss account by type of expenditure.

Sales revenue

Revenue from sales of finished goods, merchandise and raw materials is recognized in the profit and loss account when the rewards of ownership have been transferred to the buyer. Revenue from sales of services with an execution period shorter than 6 months is recognized upon completion of service.

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 3 Interest

Interest received are recognized based on accrual basis (using the effective interest rate method).

2. 4 Statement of cash flows

The statement of cash flows is presented using the indirect method.

2. 5 Intangible fixed assets

Intangible fixed assets are recognized at cost i.e. either at acquisition price or directly attributable expenditures and are depreciated using the straight line method applying the following depreciation rates:

Goodwill	20 %
Software	20 %

Depreciation period and depreciation rates are subject to analysis at the end of each financial year causing respective adjustment of future depreciation.

2. 6 Tangible fixed assets

Tangible fixed assets are initially recognized at cost i.e. either at acquisition price or construction cost less accumulated depreciation and any impairment.

The acquisition price or construction cost includes all costs incurred in the construction, assembly, installation and improvement process up to the date when the asset was brought into use. The cost includes borrowing costs and related foreign exchange gains and losses, net of related investment income.

Subsequent expenditure on improvements such as re-construction, extension or modernization is capitalized and increases the initially recognized cost of an asset. Subsequent expenditure is capitalized only if it increases the economic benefit embodied in the asset.

Tangible fixed assets are depreciated using a straight-line method. Depreciation commences in the next month after the asset was brought into use.

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

The example depreciation rates are as follows:

Computers	30 %
Technical equipment and machinery	14 %
Other tangible assets	20 %

Depreciation periods and depreciation rates are subject to analysis at the end of each financial year causing respective adjustment of future depreciation.

2. 7 Impairment

The carrying amounts of the assets or group of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised in the amount of the difference between the carrying amount of an asset and its estimated recoverable amount. Impairment losses are recognised in profit or loss account. If the results of revaluation of assets previously increased the revaluation reserve, the impairment losses reduce the amount of such reserve and the remaining part is recognised in profit or loss account.

2. 8 Fixed assets in leasing

Fixed assets used under a leasing contract for tax purposes are operational for accounting purposes are of a financial nature. All external fixed assets used by the entity under contracts, which are so-called financial leasing, are entered into the fixed assets register and depreciated in accordance with the principles adopted for own fixed assets. The internal IRR method is used to divide the basic charge into interest and capital parts.

Depreciation rates of fixed assets in leasing

<i>Cars</i>	33-50 %
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Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 9 *Receivables, claims and liabilities, other than those classified as financial assets and financial liabilities*

Receivables are presented at the amounts due, taking into consideration the prudence principle. Receivables are adjusted by an allowance for doubtful debtors taking into consideration the likelihood of future debt collection. The allowance is charged either to operating expenses or to financial expenses depending on the type of receivable to which it relates.

Liabilities are presented at the amounts due.

Receivables and liabilities denominated in foreign currencies are translated to Polish zloty at the average exchange rate published by the National Bank of Poland (NBP) at the date preceding the transaction date.

At the balance sheet date, receivables and liabilities denominated in foreign currencies are translated to Polish zloty at the average exchange rate on that date as published by the National Bank of Poland (NBP).

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 10 Prepayments and accruals

Expenses relating to the future reporting periods are charged to prepayments. The Company keeps an account of accrued expenses in the amount of probable liabilities relating to the current reporting period. Examples of prepayments are: car insurance, prepayments for services, or costs which refer to the future revenues of the Company.

2. 11 Provision for liabilities

Provisions are raised for liabilities whose timing or amount are uncertain.

2. 12 Income tax

Corporate income tax, as presented in the profit and loss account, comprises of current and deferred income tax.

Current income tax is determined in accordance with the relevant tax regulations. Deferred tax presented in the profit and loss account amounts to the difference between deferred tax liabilities and deferred tax assets as at the beginning and the end of the financial period.

Deferred tax assets and liabilities relating to equity transactions are charged or credited to equity.

Deferred tax assets are recognized only to the amount that it is expected to reduce taxable profits in the future with respect to tax deductible temporary differences and tax losses carryforwards calculated under the prudence principle.

Deferred tax liabilities are recorded at the amount of corporate income tax payable in the future and are created based on taxable temporary differences that will increase taxable profits in the future.

Deferred tax assets and liabilities are determined based on the enacted tax rate binding for the year in which the tax obligation arises.

Deferred tax assets and liabilities are presented separately in the balance sheet.

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 13 Foreign exchange differences

Foreign exchange differences resulting from periodic revaluation and settlement of monetary assets and liabilities denominated in foreign currencies, excluding long-term investments, and from the sale of foreign currencies are recorded as financial revenue or expense. Eligible foreign exchange differences are capitalised to finished goods and merchandise, tangible fixed assets, construction in progress or intangible fixed assets.

The following exchange rates were used for the valuation of monetary items denominated in foreign currencies [PLN]:

	29.03.2019	31.03.2020
EUR	4,3013	4,5523
USD	3,8365	4,1466
GBP	4,9960	5,1052

2. 14 Financial instruments

Financial instruments are accounted for in accordance with the Decree of the Ministry of Finance dated 12 December 2001 on specific rules concerning recognition, valuation methods, scope of disclosure and manner of presentation of financial instruments in financial statements. The valuation and disclosure principles described in the note below do not apply to assets and liabilities excluded from the scope of the Decree, in particular: shares in subordinated entities, rights and obligations pursuant to leasing and insurance agreements, trade receivables and payables and financial instruments issued by the Company that represent its own equity instruments.

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

Classification of financial assets: financial assets held for trading, loans and receivables originated by the enterprise, financial assets held to maturity and financial assets available for sale.

Classification of financial liabilities: financial liabilities held for trading and other financial liabilities.

During the year and at the balance sheet day the Company does not have any significant financial instruments except for bank deposits classified as loans and receivables.

Arora Hemant
Member of the Management Board

Przemysław Chromiec
Member of the Management Board

Małgorzata Czarnecka
*Person responsible for Financial
Accounting*

Warsaw, 12 May 2020

Ranbaxy (Poland) Sp. z o.o.**Balance Sheet**

(All amounts are stated in PLN thousand)

ASSETS	<u>Note</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
Fixed assets		2 339,6	583,6
Intangible fixed assets	1	<u>-</u>	<u>-</u>
Tangible fixed assets	2		
Fixed assets		1 468,1	68,9
land (including perpetual usufruct of land)		-	-
buildings, premises and civil and water engineering structures			
technical equipment and machinery		87,1	68,9
vehicles		1 381,0	
other tangible fixed assets		-	
Fixed assets under construction		-	-
Prepayments for tangible fixed assets		<u>-</u>	<u>-</u>
		<u>1 468,1</u>	<u>68,9</u>
Prepayments and deferred expenses			
Deferred tax asset	12.3	<u>871,5</u>	<u>514,7</u>
		<u>871,5</u>	<u>514,7</u>
Current assets		15 058,2	13 687,2
Short-term receivables			
Receivables from related parties		7 166,6	9 526,4
trade receivables	3.1	7 166,6	9 526,4
other			-
Receivables from third parties		1 174,4	1 113,3
trade receivables	3.2	-	190,8
taxation and social security debtors		976,8	738,0
other		<u>197,6</u>	<u>184,5</u>
		<u>8 341,0</u>	<u>10 639,7</u>
Short-term investments			
Short-term financial assets		6 534,7	2 863,1
cash and cash equivalents	4.1	6 534,7	2 863,1
Other short-term investments		<u>-</u>	<u>-</u>
		<u>6 534,7</u>	<u>2 863,1</u>
Short-term prepayments and deferred expenses	5	182,5	184,4
TOTAL ASSETS		<u>17 397,8</u>	<u>14 270,8</u>

Balance sheet should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.**Balance Sheet**

(All amounts are stated in PLN thousand)

EQUITY AND LIABILITIES	Note	31.03.2020	31.03.2019
Equity			
Share capital	6.1	4 291,0	4 291,0
Outstanding share capital contributions		-	-
Reserve capital		6 950,7	5 905,8
Revaluation reserve		-	-
Other capital reserves		-	-
Accumulated profit/(loss) from previous years		(96,0)	-
Net profit		1 009,1	1 044,9
		<u>12 154,8</u>	<u>11 241,7</u>
Liabilities and provisions for liabilities			
		5 243,0	3 029,1
Provisions for liabilities			
Deferred tax liability	12.3	262,4	-
Provision for retirement and similar benefits	7.1	148,2	126,6
- long-term		148,2	126,6
Other provisions		2 952,8	2 582,1
- long-term		-	-
- short-term	7.2	2 952,8	2 582,1
		<u>3 363,4</u>	<u>2 708,7</u>
Long-term liabilities			
Related party liabilities		-	-
Liabilities due to third parties		571,7	-
credits and loans		-	-
debt securities		-	-
other financial liabilities		571,7	-
other		-	-
		<u>571,7</u>	<u>-</u>
Short-term liabilities			
Related party liabilities		-	-
trade liabilities		-	-
other		-	-
Liabilities due to third parties		1 307,9	319,6
credits and loans		-	-
debt securities		-	-
other financial liabilities		913,9	-
trade liabilities	8.1	-	-
advance payments received		-	-
bills of exchange payable		-	-
taxation and social security creditors		394,0	319,6
payroll liabilities		-	-

Balance sheet should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.**Balance Sheet**

(All amounts are stated in PLN thousand)

EQUITY AND LIABILITIES	<u>Note</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
other			
Special funds			0,8
		<u>1 307,9</u>	<u>320,4</u>
TOTAL EQUITY AND LIABILITIES		<u>17 397,8</u>	<u>14 270,8</u>

Arora Hemant
Member of the Management Board

Przemysław Chromiec
Member of the Management Board

Małgorzata Czarnecka
*Person responsible for Financial
Accounting*

Warsaw, 12 May 2020

Ranbaxy (Poland) Sp. z o.o.**Profit and Loss Account**

(All amounts are stated in PLN thousand)

	Note	01.04.2019 - 31.03.2020	01.04.2018 - 31.03.2019
Net revenues and net revenue equivalents, including:			
- from related parties		30 350,7	28 697,7
Net revenues from the sale of finished products and services	14	<u>30 980,5</u>	<u>29 754,7</u>
		<u>30 980,5</u>	<u>29 754,7</u>
Operating expenses			
Depreciation		(1 154,8)	(38,8)
Materials and energy		(3 518,5)	(3 247,4)
External services		(12 591,3)	(13 628,6)
Taxes and charges including:		(277,8)	(259,7)
- excise tax			-
Payroll		(9 495,6)	(9 082,2)
Social security and other benefits		(1 903,0)	(1 854,2)
Other expenditures		(312,9)	(287,5)
		<u>(29 253,9)</u>	<u>(28 398,4)</u>
Profit on sales		1 726,6	1 356,3
Other operating revenues			
Other operating revenues		0,5	13,1
		<u>0,5</u>	<u>13,1</u>
Other operating expenses			
Other operating expenses		-	-
		<u>-</u>	<u>-</u>
Operating profit		1 727,1	1 369,4
Finance income			
Interest	10	35,3	37,5
- from related parties			
Profit on the disposal of investments		-	-
Revaluation of investments		-	-
Other		5,2	0,1
		<u>40,5</u>	<u>37,6</u>
Finance cost			
Interest	11	(315,0)	(0,4)
- from related parties			
Loss on the disposal of investments		-	-
Revaluation of investments		-	-
Other		(3,7)	(6,5)
		<u>(318,7)</u>	<u>(6,9)</u>
Gross profit on business activities		1 448,9	1 400,1

Profit and loss account should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.
Profit and Loss Account

(All amounts are stated in PLN thousand)

	<u>Note</u>	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Profit before taxation		1 448,9	1 400,1
Income tax	12	(439,8)	(355,2)
Net profit		<u>1 009,1</u>	<u>1 044,9</u>

Arora Hemant
Member of the Management Board

Warsaw, 12 May 2020

Przemysław Chromiec
Member of the Management Board

Małgorzata Czarnecka
*Person responsible for Financial
Accounting*

Profit and loss account should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.
Statement of Changes in Equity

(All amounts are stated in PLN thousand)

	Note	01.04.2019 - 31.03.2020	01.04.2018 - 31.03.2019
Equity at the beginning of the period		11 241,7	10 196,8
- correction of errors		-	-
- effect of changes in accounting policy		-	-
Restated equity at the beginning of the period		<u>11 241,7</u>	<u>10 196,8</u>
Share capital at the beginning of the period	6.1	4 291,0	4 291,0
Share capital at the end of the period		<u>4 291,0</u>	<u>4 291,0</u>
Reserve capital at the beginning of the period		5 905,8	5 247,2
Changes in reserve capital			
Additions relating to:		1 044,9	658,6
- shares issued above nominal value		-	-
- profit transfer		1 044,9	658,6
Reserve capital at the end of the period		<u>6 950,7</u>	<u>5 905,8</u>
Revaluation reserve at the beginning of the period		-	-
Accumulated profit from previous years at the beginning of the period		1 044,9	658,6
Accumulated profit from previous years at the beginning of the period		1 044,9	658,6
- correction of errors		-	-
- effect of changes in accounting policy		-	-
Accumulated profit from previous years at the beginning of the period after restatement		<u>1 044,9</u>	<u>658,6</u>
additions:		-	-
Deduction relating to:		(1 044,9)	(658,6)
- transfer to reserve capital		(1 044,9)	(658,6)
- payment of dividend		-	-
Accumulated profit from previous years at the end of the period		<u>-</u>	<u>-</u>
Accumulated loss from previous years at the beginning of the period		-	-
- effect of changes in accounting policy		(96,0)	-
Accumulated loss from previous years at the beginning of the period after restatement		<u>(96,0)</u>	<u>-</u>
Accumulated loss from previous years at the end of the period		<u>(96,0)</u>	<u>-</u>
Accumulated profit/(loss) from previous years at the end of the pe		<u>(96,0)</u>	<u>-</u>

Statement of changes in equity should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.
Statement of Changes in Equity

(All amounts are stated in PLN thousand)

	<u>Note</u>	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Net profit after taxation for the financial year			
net profit		1 009,1	1 044,9
net loss		-	-
appropriation of profit		-	-
Equity at the end of the period		12 154,8	11 241,7
Equity after proposed profit distribution	6.2	12 154,8	11 241,7

Arora Hemant
Member of the Management Board

Przemysław Chromiec
Member of the Management Board

Warsaw, 12 May 2020

Małgorzata Czarnecka
*Person responsible for Financial
Accounting*

Statement of changes in equity should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.
Statement of Cash Flows

(All amounts are stated in PLN thousand)

	<u>Note</u>	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Cash flow from operating activities			
Net profit		1 009,1	1 044,9
Total adjustments:			
Depreciation and amortization		1 154,8	38,8
Foreign exchange losses (gains)		4,0	-
Interest and share in profits (dividend income)		349,9	-
Loss on investment activity			-
Change in provisions		654,7	420,8
Change in receivables		2 298,7	(2 192,5)
Change in short-term liabilities (excluding borrowings)	13.1	74,4	(12,2)
Change in prepayments, accruals and deferred income and expenses		(354,9)	(241,6)
Other adjustments	&!	(45,1)	-
		<u>4 136,5</u>	<u>(1 986,7)</u>
Net cash flow from operating activities		<u>5 145,6</u>	<u>(941,8)</u>
Cash flow from investing activities			
Proceeds:	&!		
Disposal of tangible and intangible fixed assets		5,2	-
Disposal of investment property and intangible fixed assets	&!	-	-
From financial assets, including:		5,2	-
of third parties		5,2	-
- other proceeds from financial assets		5,2	-
Other proceeds from investing activities		-	-
	&!		
Disbursements:		(62,9)	(46,1)
Purchase of tangible and intangible fixed assets	13.2	(62,9)	(46,1)
Purchase of investment property and intangible fixed assets		-	-
For financial assets, including:		-	-
of related parties		-	-
of third parties		-	-
- purchase of financial assets		-	-
- long term loans provided		-	-
Other investment disbursements		-	-
Net cash flow from investing activities		<u>(57,7)</u>	<u>(46,1)</u>

Statement of cash flows should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.**Statement of Cash Flows**

(All amounts are stated in PLN thousand)

	<u>Note</u>	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Cash flow from financing activities			
Proceeds:			
Net proceeds from the issue of shares and other equity instruments and additional shareholder payments		-	-
Credits and loans		-	-
Issue of debt securities		-	-
Other financial proceeds		-	-
Disbursements:			
Other financial obligations		(1 416,3)	-
Payments relating to finance lease obligations		(1 101,3)	-
Interest		(314,6)	-
Other financial disbursements		(0,4)	-
Net cash flow from financing activities		<u>(1 416,3)</u>	<u>-</u>
Net cash flow		<u>3 671,6</u>	<u>(987,9)</u>
Balance sheet change in cash, including:		3 671,6	(987,9)
- change in cash from foreign exchange differences		-	-
Cash at the beginning of the financial year		2 863,1	3 851,0
Cash at the end of the financial year, including:	4.1	<u>6 534,7</u>	<u>2 863,1</u>
- restricted cash		<u>-</u>	<u>-</u>

Arora Hemant
Member of the Management Board

Przemysław Chromiec
Member of the Management Board

Warsaw, 12 May 2020

Małgorzata Czarnecka
Person responsible for Financial
Accounting

Statement of cash flows should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN thousand)

1. Intangible fixed assets

Changes in intangible fixed assets

	Other intangible fixed assets	Prepayments for intangible fixed assets	Total
Gross book value			
As at 01.04.2018	57,5	-	57,5
Additions		-	-
Reclassifications	-	-	-
Disposals	(10,3)	-	(10,3)
As at 31.03.2019	<u>47,2</u>	-	<u>47,2</u>
Accumulated depreciation			
As at 01.04.2018	(57,5)	-	(57,5)
Additions		-	-
Reclassifications		-	-
Disposals	10,3	-	10,3
As at 31.03.2019	<u>(47,2)</u>	-	<u>(47,2)</u>
Impairment losses			
As at 01.04.2019	-	-	-
Additions	-	-	-
Reclassifications	-	-	-
Disposals	-	-	-
As at 31.03.2020	<u>-</u>	-	<u>-</u>
Net book value			
As at 01.04.2018	-	-	-
As at 31.03.2019	<u>-</u>	-	<u>-</u>

Changes in intangible fixed assets

Gross book value			
As at 01.04.2019	47,2	-	47,2
Additions		-	-
Reclassifications	-	-	-
Disposals		-	-
As at 31.03.2020	<u>47,2</u>	-	<u>47,2</u>

Ranbaxy (Poland) Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN thousand)

Accumulated depreciation

As at 01.04.2019	(47,2)	-	(47,2)
Additions		-	-
Reclassifications		-	-
Disposals		-	-
As at 31.03.2020	<u>(47,2)</u>	<u>-</u>	<u>(47,2)</u>

Net book value

As at 01.04.2019	<u>-</u>	<u>-</u>	<u>-</u>
As at 31.03.2020	<u>-</u>	<u>-</u>	<u>-</u>

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations
(All amounts are stated in PLN thousand)

2. Tangible fixed assets

2. 1 Changes in tangible fixed assets

	Technical equipment and machinery	Vehicles	Other tangible fixed assets	Total
Gross value				
As at 01.04.2018	515,7		94,0	609,7
Additions	46,1			46,1
Reclassifications				-
Disposals	(62,8)		(10,8)	(73,6)
As at 31.03.2019	499,0	-	83,2	582,2
Accumulated depreciation				
As at 01.04.2018	(454,1)		(94,0)	(548,1)
Additions	(38,7)			(38,7)
Reclassifications				-
Disposals	62,7		10,8	73,5
As at 31.03.2019	(430,1)	-	(83,2)	(513,3)
Impairment				
As at 01.04.2018	-	-	-	-
Additions	-	-	-	-
Reclassifications	-	-	-	-
Disposals	-	-	-	-
As at 31.03.2019	-	-	-	-
Net book value				
		#ADR!		
As at 01.04.2018	61,6	-	-	61,6
As at 31.03.2019	68,9	-	-	68,9
	equipment and	Vehicles	fixed assets	Total
Gross value				
01.04.2019	499,0	-	83,2	582,2
Additions	62,9	3 927,1		3 990,0
leasing reclassification		3 176,6		
leasing		750,5		
Reclassifications				-
Disposals	(37,6)	(690,3)		(727,9)
31.03.2020	524,3	3 236,8	83,2	3 844,3

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations
(All amounts are stated in PLN thousand)

Accumulated depreciation

01.04.2019	(430,1)	-	(83,2)	(513,3)
Additions	(44,7)	(2 546,1)		(2 590,8)
reclassification of leasing depreciation		(1 436,0)		
depreciation for the year	(44,7)	(1 110,0)		(1 154,7)
Reclassifications				-
Disposals	37,6	690,3		727,9
Disposals(sale + liquidation)	37,6	690,3		727,9
accumulated depreciation at the end of the period		(1 855,8)		
31.03.2020	(437,2)	(1 855,8)	(83,2)	(2 376,2)

Net book value

		#ADR!		
As at 01.04.2019	68,9	-	-	68,9
As at 31.03.2020	87,1	1 381,0	-	1 468,10

In the financial year, the company has no non-financial fixed services under construction.

The company did not incur expenses or expenses on environmental protection.

2. 2 Non-depreciated tangible fixed assets

he value of non-depreciated tangible fixed assets used by the Company on the basis of lease, tenancy and other contracts for tax purposes are operational, while for accounting purposes they are financial. The initial value of these funds is 4523.6 thousand, the final value 0. The change results from changes in accounting principles (policy) regarding the qualification of operating lease agreements from operating lease to financial lease due to the loss of the possibility of using the simplification arising from Article 3 (6) of the Act on accounting of September 29, 1994 (Journal of Laws of 2019, item 351 as amended) and implementing regulations issued on its basis.

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations
(All amounts are stated in PLN thousand)

3. Short-term receivables

3. 1 Ageing of short-term trade receivables from related parties

	<u>31.03.2020</u>	<u>31.03.2019</u>
<i>Remaining term</i>		
Due within 12 months	7 166,6	9 526,4
	<u>7 166,6</u>	<u>9 526,4</u>
Gross trade receivables	7 166,6	9 526,4
Net trade receivables	<u>7 166,6</u>	<u>9 526,4</u>

3. 2 Ageing of short-term trade receivables from other parties

	<u>31.03.2020</u>	<u>31.03.2019</u>
<i>Remaining term</i>		
Due within 12 months		190,8
	-	<u>190,8</u>
Gross trade receivables	-	190,8
Net trade receivables	<u>-</u>	<u>190,8</u>

4. Short-term investments

4. 1 Cash and cash equivalents

	<u>31.03.2020</u>	<u>31.03.2019</u>
Cash on hand and in bank	6 505,6	2 798,3
- including VAT bank account	29,1	64,8
	<u>6 534,7</u>	<u>2 863,1</u>

5. Short-term prepayments and deferred expenses

	<u>31.03.2020</u>	<u>31.03.2019</u>
Other	182,5	184,4
	<u>182,5</u>	<u>184,4</u>

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

6. Share capital

6. 1 Ownership structure of share capital

Shareholders	Number of shares held	Nominal value of shares	% held
Ranbaxy (Netherlands) B. V.	8 580	4 290,0	99,98%
Ranbaxy (Holding) UK LTD	2	1,0	0,02%
	<u>8 582</u>	<u>4 291,0</u>	<u>100,00%</u>

There were no changes in the capital structure compared to the previous year

6. 2 Proposals for profit distribution or coverage of losses

The decision on the distribution of profit for the financial year ended March 31, 2020 will be made by the General Assembly.

7. Provisions

7. 1 Provision for retirement and similar benefits

	Retirement awards	Total
As at 01.04.2018	114,8	114,8
Disposals	11,8	11,8
Used	-	-
Released	-	-
As at 31.03.2019	<u>126,6</u>	<u>126,6</u>
<i>including:</i>		
long-term	126,6	126,6
short-term	-	-

	Retirement awards	Total
As at 01.04.2019	126,6	126,6
Disposals	21,6	21,6
Used	-	-
Released	-	-
As at 31.03.2020	<u>148,2</u>	<u>148,2</u>
<i>including:</i>		
long-term	148,2	148,2
short-term	-	-

7. 2 Short-term provisions

	Costs	Total
As at 01.04.2018	2 173,1	2 173,1
Raised	2 696,8	2 696,8
Used	(1 249,9)	(1 249,9)
Released	(1 037,9)	(1 037,9)
As at 31.03.2019	<u>2 582,1</u>	<u>2 582,1</u>

	Costs	Total
As at 01.04.2019	2 582,1	2 582,1
Raised	3 079,4	3 079,4
Used	(1 687,7)	(1 687,7)
Released	(1 021,0)	(1 021,0)
As at 31.03.2020	<u>2 952,8</u>	<u>2 952,8</u>

8. Short-term liabilities

8. 1 Short-term trade liabilities to third parties do not occur.

8. 2 Short - term liabilities due to leasing

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

	As at the beginning of the financial year	As at the end of the financial year						Total at the end of the financial year
		unexpired	less than 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	over 1 year	
1. To related parties	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
a) for supplies and services,	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
less than 12 months	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
over 12 months	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
b) others	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. To other entities	-		92,7	186,7	247,4	387,1		913,9
a) credits and loans	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
b) due to issue of debt	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
c) other financial liabilities	-	-	92,7	186,7	247,4	387,1	-	913,9

8. 3 Long - term liabilities due to leasing

	1. To related parties	2. To other entities, including:					Total
		Total	a) from loans and	b) from the issue of securities	c) other liabilities	d) other	
payment period							
less than 1 year							
beginning of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
1 - 3 years	-	-	-	-	571,7	-	571,7
beginning of the period	0,00	0,00	0,00	0,00		0,00	0,00
end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3 - 5 years							
beginning of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
over 5 years							
beginning of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	-	-	-	-	571,7	-	571,7
beginning of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

9. **Structure of revenues from sales**

<i>Geographical structure</i>	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Revenues from the sale of finished products and services		
Domestic	629,8	1 057,1
Export	<u>30 350,7</u>	<u>28 697,7</u>
	<u>30 980,5</u>	<u>29 754,8</u>

10. **Interest received**

(including on debt financial instruments, loans granted and the receivables originated by the company)

in the period from 1 April 2019 to 31 March 2020

	Interest realised	Interest unrealised, allocated by period of payment term			Total
		< 3 months	3-12 months	>12 months	
Debt financial instruments	-	-	-	-	-
Loans and receivables originated by the enterprise	-	-	-	-	-
Other financial assets	35,3	-	-	-	35,3
	<u>35,3</u>	-	-	-	<u>35,3</u>

in the period from 1 April 2018 to 31 March 2019

	Interest realised	Interest unrealised, allocated by period of payment term			Total
		< 3 months	3-12 months	>12 months	
Debt financial instruments	-	-	-	-	-
Loans and receivables originated by the enterprise	-	-	-	-	-
Other financial assets	37,5	-	-	-	37,5
	<u>37,5</u>	-	-	-	<u>37,5</u>

11. **Interest payable**

(including interest on financial liabilities)

in the period from 1 April 2018 to 31 March 2019

	Interest realised	Interest unrealised, allocated by period of payment term			Total
		< 3 months	3-12 months	>12 months	
Financial liabilities held for trading	-	-	-	-	-
Other short-term financial liabilities	-	-	-	-	-
Long-term financial liabilities	-	-	-	-	-
Other non-financial liabilities	0,4	-	-	-	0,4
	<u>0,4</u>	-	-	-	<u>0,4</u>

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

in the period from 1 April 2019 to 31 March 2020

	Interest realised	Interest unrealised, allocated by period of payment term			Total
		< 3 months	3-12 months	>12 months	
Financial liabilities held for trading	-	-	-	-	-
Other short-term financial liabilities	-	-	-	-	-
Long-term financial liabilities	-	-	-	-	-
Other non-financial liabilities	315,0	-	-	-	315,0
	<u>315,0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,0</u>

12. Corporate income tax

12. 1 Structure of corporate income tax

	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Current tax	534,2	435,2
Change in deferred tax	(94,4)	(80,0)
	<u>439,8</u>	<u>355,2</u>

12. 2 Calculation of corporate income tax

	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Profit before tax	1 448,9	1 400,1
Amounts increasing the tax base		
Rent of cars	712,2	204,2
Representation	102,9	117,7
Unrealised foreign exchange differences	-	-
PFRON	130,9	119,5
Car insurance	-	0,3
Provisions for services	1 842,9	1 596,6
Provisions for untaken holiday	504,0	461,5
Provisions for bonuses	754,1	650,6
Other	24,6	27,8
	#ARGO! <u>4 071,6</u>	<u>3 178,2</u>
Amounts reducing the tax base		
Realised provision from previous year	1 337,2	874,3
Realised provision for bonuses	350,5	375,7
Released provision for untaken holidays	461,5	480,7
Released provision for costs	259,4	282,9
Released provision for bonuses	300,1	274,3
Foreign exchange differences	<u>2 708,7</u>	<u>2 287,9</u>

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

	Tax base	2 811,8	2 290,4
	Investment tax relief	-	-
	Donations	-	-
	Losses from prior years	-	-
	Taxable profit	<u>2 811,8</u>	<u>2 290,4</u>
	Current tax	<u>534,2</u>	<u>435,2</u>
12. 3	<i>Deferred tax assets and liabilities</i>		
		<u>31.03.2020</u>	<u>31.03.2019</u>
	Deductible temporary differences:		
	Provisions as at 31.03.2020	3 101,1	2 708,7
	Temporary difference 31.03.2020	<u>1 485,6</u>	<u>-</u>
		<u>4 586,7</u>	<u>2 708,7</u>
	Sum of tax losses to be settled in subsequent periods	<u>871,5</u>	<u>514,7</u>
	Gross value of deferred tax asset		-
	Net value of deferred tax asset	<u>871,5</u>	<u>514,7</u>
	Value of the provision for deferred income tax	<u>262,4</u>	
	Compensation	-	-
	Deferred tax asset presented in the balance sheet	<u>871,5</u>	<u>514,7</u>
	Deferred tax liability presented in the balance sheet	<u>262,4</u>	<u>-</u>
		<u>01.04.2019 -</u>	<u>01.04.2018 -</u>
		<u>31.03.2020</u>	<u>31.03.2019</u>
	Net change of deferred tax asset / liability	<u>94,4</u>	<u>80,0</u>
	Change in deferred tax recognised in the income statement	<u>94,4</u>	<u>80,0</u>

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

13. Cash and cash equivalents structure for the cash flows statement

13. 1 Change in short-term liabilities (excluding loans and bank credits)

	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Change in short-term liabilities	74,4	(12,2)
	<u>74,4</u>	<u>(12,2)</u>

13. 2 Purchase of intangible fixed assets and tangible fixed assets

	<u>01.04.2019 - 31.03.2020</u>	<u>01.04.2018 - 31.03.2019</u>
Increase in intangible fixed assets	-	-
Increase in tangible fixed assets	813,4	(46,1)
	<u>813,4</u>	<u>(46,1)</u>

14. Related party transactions

14. 1 Balances outstanding as at balance sheet date

	<u>31.03.2019</u>	<u>Liabilities</u>
	<u>Receivables</u>	<u>Liabilities</u>
SC Terapia S.A. (Ranbaxy Rumunia)	9 526,5	-
	<u>9 526,5</u>	<u>-</u>

	<u>31.03.2020</u>	<u>Liabilities</u>
	<u>Receivables</u>	<u>Liabilities</u>
SC Terapia S.A. (Ranbaxy Rumunia)	7 164,6	-
Sun Pharmaceutical Ltd. (Ranbaxy Sun)	2,0	-
	<u>7 166,6</u>	<u>-</u>

14. 2 Revenues from related party transactions for the year

	<u>01.04.2018 - 31.03.2019</u>	<u>Sales revenue</u>
SC Terapia S.A. (Ranbaxy Rumunia)		28 588,0
Sun Pharmaceutical Ltd. (Ranbaxy Sun)		109,6
		<u>28 697,6</u>

	<u>01.04.2019 - 31.03.2020</u>	<u>Sales revenue</u>
SC Terapia S.A. (Ranbaxy Rumunia)		30 334,7
Sun Pharmaceutical Ltd. (Ranbaxy Sun)		16,0
		<u>30 350,7</u>

Transactions with related parties as set out in the international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 of the European Parliament were not concluded on other than market conditions.

15. Employment

Average level of employment during the period from 1.04.2018-31.03.2019	
Average level of employment during the year by group of employees:	91,0
Employees on non-worker positions	91,0

Average level of employment during the period from 1.04.2019-31.03.2020	
Average level of employment during the year by group of employees:	92,0
Employees on non-worker positions	92,0

Ranbaxy (Poland) Sp. z o.o.

Supplementary information and explanations

(All amounts are stated in PLN thousand)

16. Remuneration, loans and related benefits provided to members of the management and supervisory boards or administrative bodies

The gross remuneration of the members of the Management Board, including profit-based remuneration, amounted to PLN 624,7 thousand (2019: PLN 653,2 thousand).

17. Information about the consolidated financial statements

Consolidated financial statements at the ultimate parent level and at the lowest level in the group, which includes the Company as a subsidiary are prepared by Sun Pharmaceutical Industries Limited seated in Mumbai, India.

Consolidated financial statements at the lowest level in the group, which includes the Company as a subsidiary are prepared by Ranbaxy Laboratories Limited, seated in New Dehli.

18. Contingent liabilities

Guarantees and warranties granted by the Company to related parties

Guarantees and warranties granted by the Company to third parties

-

Regulations regarding VAT, corporate profits tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose significant penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with interest. The above circumstances mean that tax exposure is significantly greater in Poland than in countries that have a more established taxation system.

Tax settlements may become subject to inspection by the tax authorities for a period of five years from the end of the calendar year in which tax payment was due. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

Ranbaxy (Poland) Sp. z o.o.

Supplementary information and explanations

(All amounts are stated in PLN thousand)

19. Financial instruments

19. 1 Objectives and principles of risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Primary policies for managing risk

Management has overall responsibility for the establishment and oversight of the Company's risk management framework, including identification and analysis of the risks faced by the Company, setting appropriate limits and controls, and monitoring the risks and their adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. According to credit policy the Management Board monitors credit risk on an ongoing basis. No additional security is required by the Company from its clients in relation to financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Company's reputation. For this purpose, the Company monitors its cash flows, maintains lines of credit and keeps cash in amount sufficient to cover anticipated operating expenses and expected cash outflows on current financial liabilities, and maintains anticipated liquidity ratios.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

a) Foreign exchange risk

The Company bears the currency fluctuations risk which has influence on the financial results and the cash flow. The risk is connected with the fact that part of revenues and costs of the Company is denominated in foreign currency. The Company does not apply any hedges against the change in foreign exchange rates.

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

b) Interest rate risk

As at 31 March 2020, except from cash in bank, practically there were no instruments bearing interest rate risk and therefore the Company did not apply hedges. The Managements Board considers the possible impact of interest rate risk on the financial statements as not significant.

19. 2 *Classification of financial instruments*

Financial instrument	Description	Carrying value	Terms and conditions affecting future cash flows
Loans and trade receivables		7 166,6	non-interest bearing
Cash on hand and in bank		6 534,7	non-interest bearing

20. 1 *Remuneration for the statutory auditor or entity entitled to audit financial statements*

The auditor's fee for the audit of the Company's financial statements for the financial year has been agreed at PLN 28 thousand.

21. *Going Concern*

In connection with the ongoing global pandemic COVID-19 coronavirus, the Company's Management Board has implemented special procedures related to ensuring business continuity and anti-virus prevention. By decision of the Management Board, remote work was introduced in all possible areas, both in terms of operational and supporting tasks. At present, the Company operates smoothly, implementing both the sales plan and all its obligations in a timely manner. As the situation continues to develop, management believes that it is not possible to provide quantitative estimates of the potential impact of the current situation on the entity. Any impact will be included in impairment losses and provisions for expected losses in 2020. The Management Board will keep up-to-date current evaluation as the situation evolves in 2020. The Company's activity mainly concerns on the service of Companies in the capital group which has a stable financial situation. At present, the Management Board does not see significant uncertainty as to the going-concern in the foreseeable future.

22. *Changes in accounting principles (policy) (reclassification of leases)*

In the presented financial statement, comparative data in the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and additional information and explanations as at 31.03.2019 and for the financial year ending on that day have been changed in relation to the data approved at the end fiscal year 31.03.2019. Lease agreements were concluded which, pursuant to Article 3 (4) of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 351, as amended), qualify them for financial leasing; due to the entity being subject to mandatory audit in the following year, contracts previously classified as operating leases were reclassified as finance leases. As a result of a change in the qualification of the lease agreement, i.e. a change in the principles (accounting policy), the adjustment of the financial result of previous years for the financial year 01/04/2018 to 31/03/2019 and equity as at 31/03/2019 amounted to PLN 77.7 thousand.

Specification	Comparative data 31.03.2019	Restated comparative data 31.03.2019	Change
Fixed assets - means of transport (net)	0,00	1 740,54	1 740,54
Assets due to deferred income tax	514,66	863,61	348,95
Profit (loss) from previous years	0,00	-77,79	-77,79
Financial liabilities	0,00	1 836,57	1 836,57

Ranbaxy (Poland) Sp. z o.o.**Supplementary information and explanations**

(All amounts are stated in PLN thousand)

Net profit / loss	1 044,78	997,09	-47,69
Deferred income tax	0,00	330,70	330,70
Profit and Loss Account			
Depreciation	38,81	945,50	906,69
External services	13 628,62	12 558,36	1 070,26
Financial costs (interest)	0,40	229,91	229,50
Net profit / loss	1 044,78	997,09	-47,69
Income Tax	355,21	336,97	-18,25

Arora Hemant

Member of the Management Board

Przemysław Chromiec

Member of the Management Board

Warsaw, 12 May 2020

Małgorzata Czarniecka

Person responsible for Financial Accounting

**THE MANAGEMENT REPORT ON THE COMPANY'S ACTIVITY
RANBAXY (POLAND) Sp. z o.o.
FOR THE PERIOD 01.04.2019-31.03.2020**

Ranbaxy (Poland) Sp. z o.o. based in Warsaw, J. Kubickiego 11 Street. The Company operates on the territory of Poland.

The Company's share capital amounts to PLN 4,291 thousand and is divided into 8,582 equal and indivisible shares with a nominal value of PLN 0.5 thousand each.

The main shareholder of the Company in the period 01.04.2019-31.03.2020 was Sun Pharma (Netherlands) B.V., holding 99.98% of its shares.

Within 2019/2020 the Management Board was comprised of the following members:

- Przemysław Chromiec - Member of the Management Board (the whole financial year)
- Hemant Arora - Member of the Management Board (the whole financial year)

In the period 01.04.2019-31.03.2020 the Company did not issue own shares and did not acquire other shares.

The core activity of the Company in 2019/2020 was providing marketing and advertising services for Ranbaxy Terapia (Romanian company belonging to Sun Pharma capital group) relating to all activities and transactions necessary for trading products in Poland.

In the period 01.04.2019-31.03.2020 the Company also realized a contract signed in 2008 with Imed Poland Sp. z o.o. for marketing services of Lacidar and provided promotional services for several other external polish companies.

As at 31.03.2019 the Company employed 88 permanent workers including 70 people responsible for maintaining relationships with the medical, pharmacist and wholesale sector.

In the period 01.04.2019 -31.03.2020 the Company generated net profit of PLN 1.009,1 thousand. Decision on the distribution of the profit will be made by the General Assembly. Net revenue for the period 01.04.2019-31.03.2020 amounted to PLN 30.980,5 thousand.

Ratios comparison of the Company Ranbaxy (Poland) Sp. z o.o.

	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2018
Return on assets			
$\frac{\text{Net financial result}}{\text{Total assets}}$	5,80%	7,32%	5,14%

Return on equity			
$\frac{\text{Net financial result}}{\text{Equity}}$	8,30%	9,29%	6,46%
Return on sales			
$\frac{\text{Net financial result}}{\text{Revenues from the sale of products, goods and materials}}$	3,26%	3,51%	2,28%
Liquidity ratio I			
$\frac{\text{Total current assets}}{\text{Short-term liabilities}}$	11,51	42,71	37,04
Liquidity ratio II			
$\frac{\text{Current assets - Inventory}}{\text{Short-term liabilities}}$	11,51	42,71	37,04
Repayment rate in days			
$\frac{\text{Average quantity of trade receivables *360 days}}{\text{Revenues from the sale of products, goods and materials}}$	99,00	104,00	46,00

The financial year covers the period from April 1, 2019 till March 31, 2020.

After the balance sheet date there were no subsequent events relating to the financial year 2019/2020.

The Company intends to continue its activities in 2020 and 2021 including special care about financial condition of the Company.

Other information on financial instruments and risk related to them is describe in note 19 to the financial statements.

Hemant Arora
Member of the Management Board

Przemysław Chromiec
Member of the Management Board

Warsaw, 12th May 2020