

UNICHEM FARMACEUTICA  
BRASIL LTDA.

DO

Financial Statements and independent auditors  
report for the year ended 31th March, 2016

**Unichem Farmaceutica do Brasil Ltda.**

**Directors' Report**

The Director present his report and the audited financial statements for the year ended 31<sup>st</sup> March, 2016.

**REVIEW OF OPERATIONS**

Unichem Farmaceutica do Brasil Ltda. is incorporated, organized and existing under the laws of the Federative Republic of Brazil, keeping its accounting records and legal books according to the Brazilian legal system.

**AUDITORS**

The Auditor, LYNX Consultoria e Auditoria Contábil e Empresarial SS LTDA., Independent Accountants, has reviewed the enclosed financial statements for the year ended 31<sup>st</sup> March 2016 and their opinion is shown herewith.

**STATEMENT BY DIRECTOR**

In the opinion of the Director, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the results of the business for that period. The Director has taken all reasonable steps to prepare these financial statements on a going concern basis and that suitable accounting policies have been adopted consistently.

By Order of the Board


Dr Prakash Mody  
**Director**  
April 29th, 2016

**Unichem Farmaceutica do Brasil Ltda.**

**Balance Sheet as at 31<sup>st</sup> March, 2016**

		In Brazilian Reais		
		Period ended 31st March, 2016	Period ended 31st March, 2015	
Schedule				
<b>I. SOURCES OF FUNDS</b>				
PARTNERS' FUNDS				
	Partners' Share Capital	I	23.214.651	19.997.731
	Profit & Loss Account	II	(21.613.824)	(18.308.394)
	TOTAL		1.600.827	1.689.338
<b>II. APPLICATION OF FUNDS</b>				
FIXED ASSETS				
	Gross Block	III	1.474.624	1.471.965
	Less : Depreciation		(763.407)	(617.179)
	Net Block		711.218	854.787
CURRENT ASSETS				
	Cash & Bank Balances	IV	455.590	212.014
	Sundry Debtors		867.556	769.688
	Loans & Advances	V	653.963	543.392
	Stock on Hand	VI	266.248	254.361
	TOTAL		2.243.356	1.779.455
LESS : CURRENT LIABILITIES AND PROVISIONS				
	Current Liabilities & Provisions	VII	1.353.746	944.904
	TOTAL		1.353.746	944.904
NET CURRENT ASSETS				
	TOTAL		889.609	834.551
			1.600.827	1.689.338

The schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

  
**LYNX Consultoria e Auditoria Contábil  
e Empresarial SS LTDA.**  
CRC 2SP022746/O-5

José Donizete Valentina  
**Partner**  
Campinas - Brazil  
April 29th, 2016

**Unichem Farmaceutica do Brasil Ltda.**


Dr Prakash Mody  
**Director**

Unichem Farmaceutica do Brasil Ltda.

Profit & Loss Account for the year ended on 31st March 2016

		<i>In Brazilian Reais</i>	
		Year ended 31st March, 2016	Year ended 31st March, 2015
<b>INCOME, SALE &amp; STOCK</b>			
Sale	VIII	2.294.529	1.801.771
Increase (Decrease) of Stock	VI	(1.724.745)	(1.035.167)
Other Income	IX	56.788	130.458
TOTAL		626.571	897.062
<b>EXPENDITURE</b>			
Personnel Expenses	X	1.117.671	1.013.522
Administrative Expenses	XI	1.022.301	914.149
Finance Charges	XII	164.402	299.840
Federal & Other Taxes	XIII	391.592	318.843
Depreciation	III	146.226	147.660
Marketing Expenses	XIV	463.372	376.577
Distribution Expenses	XV	154.400	93.776
Regulatory & Q.C Expenses	XVI	472.037	653.467
TOTAL		3.932.001	3.817.834
<b>PROFIT (LOSS) BEFORE TAXATION</b>		(3.305.430)	(2.920.773)
<b>PROFIT (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR</b>		(18.308.394)	(15.387.621)
TOTAL		(21.613.824)	(18.308.394)

The schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

  
LYNX Consultoria e Auditoria Contábil  
e Empresarial SS LTDA.  
CRC 2SP022746/O-5

José Donizete Valentina  
Partner  
Campinas - Brazil  
April 29th, 2016

Unichem Farmaceutica do Brasil Ltda.

Dr Prakash Mody  
Director

**Unichem Farmaceutica do Brasil Ltda.**  
**Schedules**

<i>In Brazilian Reais</i>	
Year ended	Year ended
31st March, 2016	31st March, 2015
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I. PARTNER'S SHARE CAPITAL Paid-Up	
Equity Shares of R\$ 1 each fully paid-up & Registered	20.365.532 17.623.230
Share Capital Under Registration With JUCESP	2.849.119 2.374.501
TOTAL	23.214.651 19.997.731
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Unichem Laboratories Ltd. 23.214.650 Equity quotas of R\$ 1 each	23.214.650 19.997.730
Dr. P. A. Mody 1 Equity Share of R\$ 1 each fully paid-up	1 1
TOTAL	23.214.651 19.997.731
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**QUOTAHOLDERS' SHARE CAPITAL**

The shareholders' liability is limited by subscription to capital. 99.99% of the paid up Share Capital is being held by Unichem Laboratories Limited, and the remaining 0.01% is being held by Dr. P. A. Mody.

As on 31st March 2016 registered share capital at the Board of Trade Commercial Registry is R\$ 20,365,532 and balance of R\$2,849,118 is under registration.

**II. PROFIT & LOSS ACCOUNT**

Previous year loss net of tax provisions	(18.308.394)	(15.387.621)
Current Loss as on 31st March, 2016	(3.305.430)	(2.920.773)
TOTAL	(21.613.824)	(18.308.394)

**III. FIXED ASSETS**

	<i>In Brazilian Reais</i>					
	Gross Block		Depreciation		Net Block	
	As at 31st March, 16	As at 31st March, 15	As at 31st March, 16	As at 31st March, 15	As at 31st March, 16	As at 31st March, 15
Furniture and fixtures	26.171	26.171	24.929	23.270	1.242	2.901
Computers	88.773	86.112	79.886	71.246	8.888	14.866
Office Equipment	7.537	7.537	5.032	4.390	2.505	3.148
Software	2.610	2.610	2.322	2.009	288	601
Q.C Installations	206.578	206.578	104.268	83.609	102.310	122.969
Q.C Parts & tools	44.188	44.188	22.644	18.204	21.544	25.984
Q.C Equipment	1.091.945	1.091.945	520.884	411.691	571.061	680.254
Security Equipment	6.822	6.822	3.442	2.759	3.380	4.063
Total	1.474.624	1.471.965	763.407	617.179	711.218	854.787

**Unichem Farmaceutica do Brasil Ltda.**

**Schedules of Balance Sheet**

*In Brazilian Reais*

**IV CASH & BANK BALANCES**

	Year ended 31st March, 2016	Year ended 31st March, 2015
Cash on Hand	704	312
Bank balance - Current A/c	2.820	4.917
Bank Deposits	452.066	206.784
<b>TOTAL</b>	<b>455.590</b>	<b>212.014</b>

**V LOANS & ADVANCES**

Debtors less than six months old - Considered Good	859.490		
Debtors more than six months old - Considered Good	51.094		
Less - Bad debt Allowance	(43.028)	867.556	769.688
Tax Credit		637.196	536.946
Advances		7.824	3.682
Pre Paid Insurance Premium		8.943	2.765
<b>TOTAL</b>		<b>1.521.519</b>	<b>1.313.080</b>

**VI STOCK**

Opening Stock	254.361	311.269
Purchase	1.736.632	978.259
Less: Closing Stock	266.248	254.361
<b>Increase (Decrease) of Stocks</b>	<b>1.724.745</b>	<b>1.035.167</b>

**VII CURRENT LIABILITIES & PROVISION**

Creditors – Overseas	Schedule XVII - Note 2	1.117.118	751.130
Creditors –Other		91.555	57.632
Payable Fiscal Expenses		97.106	101.816
Provision of Vacation Pay		10.024	8.225
Provision of Legal Bonus Salary – 13 <sup>th</sup> Salary		25.560	17.233
Provision of Provident Fund - FGTS		2.847	2.037
Provision of Social Security – INSS		9.536	6.829
<b>TOTAL</b>		<b>1.353.746</b>	<b>944.904</b>

**Unichem Farmaceutica do Brasil Ltda.**  
**Schedules of P&L**

		<i>In Brazilian Reais</i>	
		Year ended	Year ended
		31st March,	31st March,
		2016	2015
<b>VIII SALE</b>			
Sale		2.403.999	1.848.525
Less : Sale Return		(109.471)	(46.753)
<b>TOTAL</b>		<b>2.294.529</b>	<b>1.801.771</b>
<b>IX OTHER INCOME</b>			
Sale of Samples - Unichem India		-	97.089
Interest on Bank short term deposits		56.788	33.368
<b>TOTAL</b>		<b>56.788</b>	<b>130.458</b>
<b>X PERSONNEL EXPENSES</b>			
Salaries & Contributions		1.117.671	1.013.522
<b>TOTAL</b>		<b>1.117.671</b>	<b>1.013.522</b>
<b>XI ADMINISTRATIVE EXPENSES</b>			
Communication Expenses		40.963	49.774
Consultant - Expenses		83.265	75.691
Energy Expenses		26.930	18.796
Insurance Expenses		109.937	113.697
Legal Expenses & Audit fees		89.987	59.341
Office Expenses		192.111	155.359
Rent Expenses		244.378	228.920
Security Expenses		140.617	131.607
Travel Expenses		40.281	29.442
Vehicle Expenses		53.833	51.523
<b>TOTAL</b>		<b>1.022.301</b>	<b>914.149</b>
<b>XII FINANCE CHARGES</b>			
Bank charges, Forex Diff & Commissions		152.117	288.208
Tax on financial operation		12.285	11.632
<b>TOTAL</b>		<b>164.402</b>	<b>299.840</b>
<b>XIII FEDERAL &amp; OTHER TAXES</b>			
Municipal Taxes		19.820	18.937
State Taxes		133.172	96.571
Federal Taxes		192.542	157.215
Trade Union charges		46.058	46.120
<b>TOTAL</b>		<b>391.592</b>	<b>318.843</b>

**Unichem Farmaceutica do Brasil Ltda.**  
**Schedules of P&L**

**1. Statement of P&L**

	<i>In Brazilian Reais</i>	
	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>XIV MARKETING EXPENSES</b>		
Commission & Promotion	316.141	162.916
Traveling & Daily Allowance	147.231	213.661
<b>TOTAL</b>	<b>463.372</b>	<b>376.577</b>
<b>XV DISTRIBUTION EXPENSES</b>		
Logistic Services	154.400	93.776
<b>TOTAL</b>	<b>154.400</b>	<b>93.776</b>
<b>XVI REGULATORY &amp; Q.C EXPENSES</b>		
Regulatory Expenses	206.789	391.524
Q.C Expense	265.248	261.943
<b>TOTAL</b>	<b>472.037</b>	<b>653.467</b>

**XVII NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE  
YEAR ENDED 31st MARCH, 2016 AND 2015**

**1. Statement of Significant Accounting Policies**

The financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

All references to the Pronouncements of the CPC shall also be understood as references to the corresponding IFRS Pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRSs is not available in Brazil.

**XVII NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE  
YEAR ENDED 31st MARCH, 2016 AND 2015 (Continued)**

**1. Statement of Significant Accounting Policies**

The preparation of financial statements requires the Company's Management to use certain critical accounting estimates and exercise judgment in the process of application of accounting policies. The areas that require a higher degree of judgment and have higher complexity, as well as those in which assumptions and estimates are significant to the financial statements are here in disclosed.

The main bases of evaluation used in the accounting estimates are here summarized:

**a) Basis of preparation:**

The financial statements have been prepared under the historical cost convention and on accrual basis.

**b) Fixed Assets and Depreciation**

i) Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

ii) Depreciation is provided on straight-line method as prescribed by the Income-Tax laws.

**c) Retirement Benefits:**

The Firm's contributions to social security are recognized on accrual basis.

**d) Foreign Currency Transactions:**

Foreign currency transactions arising during the year are recorded at the exchange rates prevailing at the transaction dates.

**XVII NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2016 AND 2014 (Continued)**

**2. Leases**

The Firm has no finance leases. Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable at mutual consent.

**3. Quotaholders' Share Capital**


The quotaholders' liability is limited by subscription to capital. 99.99% of the paid up Share Capital is being held by Unichem Laboratories Limited and the remaining 0.01% is being held by Dr. P. A. Mody.

**4. Related Party Transactions**

The Company, in the normal course of business, purchased goods with its ultimate parent Company, Unichem Laboratories Ltd. During the Financial year 2015-16 this amounted to R\$1,736,632 (2014-15 R\$978,259). The company owed an amount of R\$1,117,118 (as at 31st March, 2015 R\$ 751,130). The Company has made sale of samples to Unichem Laboratories Ltd during the period 2015-16 R\$ NIL (as at 31st March, 2015 R\$97,089). Unichem Laboratories Ltd owed an amount of R\$4893.80 (as at 31st March, 2015 R\$ 22,118).

SIGNATURES TO SCHEDULES I TO XVII

In terms of our report of even date.

  
**LYNX Consultoria e Auditoria Contábil  
e Empresarial SS LTDA.**  
CRC 2SP022746/O-5

José Donizete Valentina  
**Partner**  
Campinas - Brazil  
April 29th, 2016.

**Unichem Farmaceutica do Brasil Ltda.**

Dr. Prakash Mody  
**Director**

## INDEPENDENT AUDITOR'S REPORT

To the Quotaholders of Unichem Farmaceutica do Brasil Ltda.

We have audited the accompanying financial statements of Unichem Farmaceutica do Brasil Ltda., which comprise the balance sheet as at March 31, 2016, and the statement of profit and loss the year then ended, and the schedules, notes and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Brazilian accounting practices, and for such internal control as management determines is necessary to enable the preparation of 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 and disclosures 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 entity's preparation and fair 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Unichem Farmaceutica do Brasil Ltda. as at March 31, 2016, and its financial performance for the year then ended in accordance with Brazilian Accounting Practice.

### Other matters

#### Audit of the financial statements as at March 31st, 2015

We have also audited the financial statements of Unichem Farmaceutica do Brasil Ltda. for the year ended 31 March 2015 prepared with accordance with the Brazilian accounting practices. Our report dated 27 April 2015 expressed an unqualified opinion on those financial statements.

Campinas, April 29th, 2016.

**LYNX Consultoria e Auditoria Contábil e Empresarial SS LTDA.**

CRC 2SP022746/O-5

José Donizete Valentina

**Partner**