

# **ALKALOIDA Chemical Company Zrt.**

## **ANNUAL REPORT**

**Financial Year  
01 April 2018 – 31 March 2019**

**Tiszavasvári April 2019**



## INDEPENDENT AUDITOR'S REPORT

To the shareholders of *ALKALOIDA Chemical Company Zrt*

### Opinion

We have audited the accompanying annual financial statements of *ALKALOIDA Chemical Company Zrt* (hereinafter referred to as "the Company") which comprise the balance sheet as at 31 Marcius 2019 in which the balance sheet total is USD 698 399 768, the equity USD 688 275 460, the netto revenues USD 39 477 601, the profit after tax per balance sheet is USD 311 702 070, the related income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as of 31 Marcius 2019, and of its financial performance for the year then ended in accordance with the provisions of Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "Act on Accounting").

### Basis for Opinion

We conducted our our audit in accordance with Hungarian National Standards on Auditing and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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

### Other Information: the Business Report

The other information comprises the business report of the Company for the year 2018. Management is responsible for the preparation of the business report in accordance with the provisions of the Act on Accounting and other relevant regulations, if any. Our opinion on the annual financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated we are required to report this fact and the nature of such misstatement.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the provisions of the Act on Accounting and other applicable legal requirements, and to express an opinion on this and on whether the business report is consistent with the annual financial statements.



Our opinion, the 2018 business report of the Company is consistent, in all material respects, with the 2018 annual financial statements of the Company and the business report has been prepared in accordance with the applicable provisions of the Act on Accounting. As there are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respect.

### **Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements**

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and management is responsible for preparing the annual financial statements on a going concern basis. Management shall apply the going concern basis of accounting unless the use of going concern principle is precluded by any provision of other applicable laws or regulations, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Annual Financial Statements**

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

As part of an audit in accordance with Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the annual financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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.

# Versatile - Audit Kft.

4400 Nyíregyháza, Munkás u. 53.

Adószám: 13874357-2-15 Cégj. sz.: 15-09-071194

Számlaszám: TAKAREK Szövetkezeti Hitelintézet 54900062-

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- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies, if any, in internal control that we identify during our audit.

Nyíregyháza, 15<sup>th</sup> April 2019.

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János Varga  
Registered Auditor  
Licence No. 002059  
12 Kando K. street, 4400 Nyíregyháza

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Sándorné Piroska  
Versatile - Audit Kft  
Licence No. 002430  
53 Munkas street, 4400 Nyíregyháza

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

01.

"A" BALANCE Assets

USD

No.	Item	Previous year 31/03/2018	Previous year(s) modifications	Reference year 31/03/2019
a	b	c	d	e
002	<b>A FIXED ASSETS</b> (03.+11.+19.)	<b>529,410,280</b>	0	<b>628,111,587</b>
003	I. INTANGIBLE ASSETS (04. ... 10.)	80,663	0	77,899
004	1 Capitalised value of foundation and restructuring costs			
005	2 Capitalised value of research and development	0		0
006	3 Concessions and similar rights and assets k			
007	4 Intellectual property	80,663		77,899
008	5 Goodwill			
009	6 Advance payments on intangible assets			
010	7 Revaluation of intangible assets			
011	II. TANGIBLE ASSETS (12. ... 18.)	43,235,626	0	42,514,532
012	1 Land and buildings and related concessions and similar rights	34,632,228		34,283,337
013	2 Technical equipment, machinery and vehicles	4,009,506		3,732,259
014	3 Other equipment, fittings and vehicles	3,634,702		3,166,710
015	4 Breeding stock	0		0
016	5 Capital WIP, renovations	812,190		659,367
017	6 Advance payments on Capital WIP	147,000		672,859
018	7 Revaluation of tangible assets			
019	III. FINANCIAL INVESTMENTS (20. ... 29.)	486,093,991	0	585,519,156
020	1 Long term investments in related companies	259,607,265		254,781,967
021	2 Long term loans given to related companies	226,486,726		330,737,189
022	3 Long term investments in non-related companies			
023	4 Long term loans given to non-related companies			
024	5 Other long term investments			
025	6 Long term loans given to other investees			
026	7 Other long term loans given			
027	8 Securities representing long term loans			
028	9 Revaluation of financial investments			
029	10 Valuation difference of Financial investments			
030	<b>B CURRENT ASSETS</b> (31.+38.+47.+54.)	<b>42,559,965</b>	0	<b>60,506,767</b>
031	I. INVENTORIES (32. ... 37.)	29,244,130	0	32,573,071
032	1 Raw materials and consumables	10,382,522		14,100,457
033	2 Work in progress and semi-finished products	9,987,727		9,589,963
034	3 Animals	0		
035	4 Finished goods	8,571,460		8,805,470
036	5 Goods	0		
037	6 Advance payments on inventories	302,421		77,181
038	II. RECEIVABLES (39. ... 46.)	11,633,100	0	22,851,406
039	1 Trade accounts receivable	1,609,456		2,311,956
040	2 Receivables from related companies	8,893,444		17,923,155
041	3 Receivables from non-related companies	0		
042	4 Receivables from other investees	0		
043	5 Bills of exchange receivables	0		
044	6 Other receivables	1,130,200		2,616,295
045	7 Valuation difference of Receivables	0		0
046	8 Positive valuation difference of derivatives	0		0
047	III. MARKETABLE SECURITIES (48. ... 53.)	0	0	0
048	1 Investments in related companies	0		0
049	2 Investment in non-related companies in a significant degree	0		0
050	3 Other investments	0		0
051	4 Own shares, own quotas	0		0
052	5 Securities representing loans held for sale	0		0
053	6 Valuation difference of securities	0		0
054	IV. LIQUID ASSETS (55.+56.)	1,682,735	0	5,082,290
055	1 Cash in hand, cheques	3,751		2,633
056	2 Bank deposits	1,678,984		5,079,657
057	<b>C PREPAID EXPENSES AND ACCRUED INCOME</b> (58. ... 60.)	<b>1,956,700</b>	0	<b>9,781,414</b>
058	1 Accrued income	1,741,533		9,666,505
059	2 Prepaid expenses	215,167		114,909
060	3 Deferred expenses	0		0
061	<b>TOTAL ASSETS</b> (02.+30.+57.)	<b>573,926,945</b>	0	<b>698,399,768</b>

Date: TISZAVASVARI, APRIL 15, 2019

head of the company  
(representative)

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

62.

"A" BALANCE Liabilities

USD

No	Item	Previous year 31/03/2018	Previous year(s) modifications	Reference year 31/03/2019
a	b	c	d	e
063	<b>D SHAREHOLDERS' EQUITY</b> (64.+66. ... 70.+ 73.)	<b>376,573,393</b>	0	<b>688,275,460</b>
064	I. ISSUED CAPITAL	89,260,220		89,260,220
065	Of line 64: ownership shares repurchased at face value	0		0
066	II. ISSUED BUT NOT PAID CAPITAL (-)	0		0
067	III. CAPITAL RESERVES	296,794,237		296,794,237
068	IV. RETAINED EARNINGS FROM PREVIOUS YEAR	-7,917,857		-9,481,067
069	V. NON DISTRIBUTABLE RESERVES	0		
070	VI. REVALUATION RESERVE	0		
071	1. Revaluation reserve for value adjustment			
072	2. Revaluation reserve for value assessment			
073	VII. PROFIT AFTER TAX	-1,563,207		311,702,070
074	<b>E PROVISIONS</b> (75. ... 77.)	<b>47,650</b>	0	<b>47,650</b>
075	1 Provisions for expected liabilities	47,650		47,650
076	2 Provisions for future expenses			
077	3 Other provisions			
078	<b>F LIABILITIES</b> (79.+84.+94.)	<b>191,864,848</b>	0	<b>7,702,715</b>
079	I. SUBORDINATED LIABILITIES (80. ... 83.)	0	0	0
080	1 Subordinated liabilities to related companies			
081	2 Subordinated liabilities to companies with investment at relevant degree			
082	3 Subordinated liabilities to other investees			
083	4 Subordinated liabilities to other enterprises			
084	II. LONG TERM LIABILITIES (85. ... 93.)	188,093,409	0	0
085	1 Long term credits			
086	2 Convertible bonds			
087	3 Debt on the issue of bonds			
088	4 Investment and development loans			
089	5 Other long term loans			
090	6 Long term liabilities to related companies	188,091,708		0
091	7 Long term liabilities to non related but invested companies			
092	8 Long term liabilities to other investees	0		0
093	9 Other long term liabilities	1,701		0
094	III. SHORT TERM LIABILITIES (95. ... 106.)	3,771,439	0	7,702,715
095	1 Short term credits			
096	Of line 95: convertible bonds			
097	2 Short term loans	6,477		1,510
098	3 Advance payments received from customers	97,688		27,519
099	4 Trade accounts payable	1,477,840		1,610,381
100	5 Bills of exchange payable	0		
101	6 Short term liabilities to related companies	2,112,371		6,046,925
102	7 Short term liabilities to non related but invested companies			
103	8 Short term liabilities to other investees	0		0
104	9 Other short term liabilities	77,063		16,380
105	10 Valuation difference of liabilities			
106	11 Negative valuation difference of financial derivatives			
107	<b>G ACCRUED EXPENSES AND DEFERRED INCOME</b> (108. ... 110.)	<b>5,441,054</b>	0	<b>2,373,943</b>
108	1 Deferred revenues			
109	2 Accrued expenses and deferred income	4,962,767		1,915,688
110	3 Deferred income	478,287		458,255
111	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> (63.+74.+78.+107.)	<b>573,926,945</b>	0	<b>698,399,768</b>

Date: TISZAVASVARI, APRIL 15, 2019

head of the company  
(representative)

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Company registration number

ALKALOIDA Chemical Company Zrt.

"B" STATEMENT OF INCOME

(with turnover cost method)

USD

No	Item	Previous year 31/03/2018	Previous year(s) modifications	Reference year 31/03/2019
a	b	c	d	e
001	01. Net domestic sales	1,254,347		1,566,662
002	02. Net export revenues	20,232,876		37,910,939
003	I. NET SALES REVENUES (01+02)	21,487,223	0	39,477,601
004	03. Direct cost of sales	21,730,887		36,353,978
005	04. Cost of goods sold	342,048		2,318,453
006	05. Value of services provided	3,718		34,960
007	II. DIRECT COST OF SALES (03+04+05)	22,076,653	0	38,707,391
008	III. GROSS SALES INCOME (I.-II.)	-589,430	0	770,210
009	06. Cost of sales	611,510		1,110,199
010	07. Administration cost	5,251,160		4,463,063
011	08. Other overheads	207,168		233,608
012	IV. INDIRECT COST OF SALES (06+07+08)	6,069,838	0	5,806,870
013	V. OTHER INCOME	1,711,047		1,292,965
014	- thereof: loss of value written back	334,669		391,916
015	VI. OTHER EXPENDITURES	4,202,814		18,671,237
016	- thereof: loss of value	3,314,343		352,203
017	A. TRADING PROFIT (+-III-IV+V-VI)	-9,151,035	0	-22,414,932
018	09. Dividend received			348,577,507
019	- Of which: received from related companies			348,577,507
020	10. Gain on sale of investment			
021	- Of which: received from related companies			
022	11. Interest received and gain on financial investments			
023	- Of which: received from related companies			
024	12. Other interest received	8,489,230		10,315,407
025	- Of which: received from related companies	8,487,244		9,845,466
026	13. Other revenues from financial transactions	3,492,105		360,522
027	- Of which: Valuation difference			
028	VII. REVENUES FROM FINANCIAL TRANSACTIONS (09+10+11+12+13)	11,981,335	0	359,253,436
029	14. Financial and foreign exchange loss of investments			240,181
030	- Of which: related companies			240,181
031	15. Financial and foreign exchange loss of long term financial assets (securities, loans)	1,500,037		6,978,284
032	- Of which: paid to related companies	1,500,037		6,978,284
033	16. Interest paid	2,755,518		15,716,075
034	- Of which: given to related companies	2,754,154		15,714,929
035	17. Losses on shares, securities and bank deposits	0		0
036	18. Other expenditures of financial transactions	107,862		2,200,634
037	- of which: valuation difference			
038	VIII. EXPENDITURES OF FINANCIAL TRANSACTIONS (14+15+16+17+18)	4,363,417	0	25,135,174
039	B. FINANCIAL PROFIT (VII.-VIII.)	7,617,918	0	334,118,262
040	C. NET PROFIT BEFORE TAXATION (+-A+B)	-1,533,117	0	311,703,330
041	IX. TAX LIABILITY	30,090		1,280
042	D. NET PROFIT PER BALANCE SHEET (±C-IX)	-1,563,207	0	311,702,070

Date: TISZAVASVARI, APRIL 15, 2019

head of the company  
(representative)

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

"A" STATEMENT OF INCOME

(with total cost method)

USD

No.	Item	Previous year 31/03/2018	Previous year(s) modifications	Reference year 31/03/2019
a	b	c	d	e
01.	01. Net domestic sales revenues	1,254,347		1,566,662
02.	02. Net export sales revenues	20,232,876		37,910,939
03.	I. NET SALES REVENUES (01+02)	21,487,223	0	39,477,601
04.	03. Change in self-manufactured inventories	6,290,782		-263,231
05.	04. Capitalised value of self-manufactured assets	0		0
06.	II. CAPITALISED VALUE OF OWN PERFORMANCE (03+04)	6,290,782	0	-263,231
07.	III. OTHER INCOME	1,711,047		1,292,965
08.	Of which: loss of value written back	334,669		391,916
09.	05. Cost of raw materials	13,923,963		21,311,722
10.	06. Value of services used	7,648,906		7,733,866
11.	07. Value of other services	232,450		316,997
12.	08. Cost of goods sold	342,048		2,318,452
13.	09. Value of recharged services	3,718		34,960
14.	IV. MATERIAL-TYPE EXPENDITURES (05+06+07+08+09)	22,151,085	0	31,715,997
15.	10 Wages costs	6,381,942		6,508,556
16.	11. Other payments to personnel	994,441		1,097,221
17.	12. Personnel related contributions	1,447,503		1,396,755
18.	V. PAYMENTS TO PERSONNEL (10+11+12)	8,823,886	0	9,002,532
19.	VI. DEPRECIATION CHARGE	3,462,302		3,532,501
20.	VII. OTHER EXPENSES	4,202,814		18,671,237
21.	Of which: impairment loss provision	3,314,343		352,203
22.	A. TRADING PROFIT ((+II)-III-IV-V-VI-VII)	-9,151,035	0	-22,414,932
23.	13. Dividend received			348,577,507
24.	- Of which: received from related companies			348,577,507
25.	14. Gain on sale of investment			
26.	- Of which: received from related companies			
27.	15. Financial and foreign exchange gain of long term financial assets (securities, loans)			
28.	- Of which: received from related companies			
29.	16. Other interest received	8,489,230		10,315,407
30.	- Of which: received from related companies	8,487,244		9,845,466
31.	17. Other revenues from financial transactions	3,492,105		360,522
32.	- Of which: valuation difference			
33.	VIII. REVENUES FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)	11,981,335	0	359,253,436
34.	18. Financial and foreign exchange loss of investments			240,181
35.	- Of which: related companies			240,181
36.	19. Financial and foreign exchange loss of long term financial assets (securities, loans)	1,500,037		6,978,284
37.	- Of which: paid to related companies	1,500,037		6,978,284
38.	20. Interest paid	2,755,518		15,716,075
39.	- Of which: given to related companies	2,754,154		15,714,929
40.	21. Losses on shares, securities and bank deposits	0		0
41.	22. Other expenditures of financial transactions	107,862		2,200,634
43.	IX. EXPENDITURES OF FINANCIAL TRANSACTIONS (19+20+21+22)	4,363,417	0	25,135,174
44.	B. FINANCIAL PROFIT (VII.-IX.)	7,617,918	0	334,118,262
45.	C. NET PROFIT BEFORE TAXATION (+A+B)	-1,533,117	0	311,703,330
46.	X. TAX LIABILITY	30,090		1,260.00
47.	D. NET PROFIT PER BALANCE SHEET (IX.-X.)	-1,563,207	0	311,702,070

Date: TISZAVASVARI, APRIL 15, 2019

head of the company  
(representative)



## **1 PRESENTATION OF THE COMPANY**

Our company limited was established by János Kabay in the North-Eastern part of Hungary, in Tiszavasvári, in 1927, as Alkaloida Chemical Factory.

ALKALOIDA Chemical Company Zrt. (hereinafter referred to as “Company”) is the member of the SUN Pharmaceutical Industries Ltd. international corporation based in India.

**The abbreviated name of the Company:** Alkaloida Chemical Company Zrt

**Headquarters, site:** Tiszavasvári, Kabay János street 29.

**Tax numebr:** 10715846-2-15

**Company registration number:** 15-10-040330

**Company owner (ownership:99.99%)**

**Sun Pharma Holdings**

MU-Sesroches & St Louis Streets

Port Louis

Registration number: C114331

Registry office: Republic of Mauritius

Company is involved in consolidation by the SUN PHARMA, prepares its consolidated financial statement.

**The person who is entitled for representation of the company and signing the report.**

Name: Mihály Kaszás General Manager

Address: 4032 Debrecen, Pápai József street 12.

**The company is obliged to audit according to the accounting law.**

**Data of the auditing company**

Company name: Versatile Audit Auditing Company Ltd.

Company registration number: 15-09-071194

**Data of the responsible auditor**

Name: János Varga

Address: 4440 Nyíregyháza, Kandó Kálmán str. 12

Chamber membership no.: 002059

**Person who is responsible for managing the accounting services.**

Name: Timea Levenda Baloghné

Address: 4440, Tiszavasvári, Árpád str. 53

Registration number: 176726

# ALKALOIDA Chemical Company Limited by Shares

SUPPLEMENTARY ANNEX 01/04/2018 – 31/03/2019

(DATA IN USD)

## Core activities of ALKALOIDA Chemical Company Zrt.

### Manufacturing of 2120 Pharmaceutical Products

- Vegetable based active pharmaceutical ingredients: morphine alkaloids, codeine and its derivatives as well as Sennozide.
- Synthetic API.
- Chloroquine salts used against malaria and rheumatics as well as Phenobarbital used for tranquilizers;
- Intermediate products and finished preparations (some thirty different types of pharmaceutical preparations. Solid dosage forms, tablets, film coated tablets and capsules).

Our medicines are used typically to the following scopes of therapies: cardio-vascular diseases, disorders of the digestive system and those of the nervous system.

Manufacturing License of the Company has been extended with import, analyze and release of solid pharmaceutical products from third countries in European Union.

ALKALOIDA Chemical Company Zrt. has no subsidiary company in Hungary.

### **Data of foreign subsidiaries are detailed on the Annex 3.-**

ALKALOIDA Chemical Company Zrt. has no authorities in any enterprise on the basis of which or in pursuance of the accounting standards it shall be considered as a corporation of joint administration or associate company.

**Issued capital stock of the Company: 89.260.220.USD**, which is composed of the following elements:

#### **Shares providing general rights**

7.033.779 pieces of face values: 0,006 USD/pieces

14.489.167 pieces of face value: 6 USD/pieces

#### **Dividend priority share**

36.500 pieces of face value: 6 USD /pieces

#### **Redeemable shares**

344.000 pieces of face value: 6 USD /pieces

#### **Small investor shares**

2.557 pieces of face value: 0.006 USD/pieces

### **Ownership structure:**

Data in USD

Shareholders	Number of shares				Par value (thousand HUF)				Percentage of ownership	
	31/03/2018		31/03/2019		31/03/2018		31/03/2019		31/03/2018	31/03/2019
	0.006 -USD	6. -USD	0.006 -USD	6. -USD	0.006 -USD	6. -USD	0.006 -USD	6. -USD	%	%
Sun Pharma Holdings Limited	7,033,779	14,869,667	7,033,779	14,869,667	42,202.67	89,218,002	42,202.67	89,218,002	100.00%	100.00%
Small investors	2,557		2,557		15.34		15.34		0.00%	0.00%
<b>Total</b>	<b>7,036,336</b>	<b>14,869,667</b>	<b>7,036,336</b>	<b>14,869,667</b>	<b>42,218.02</b>	<b>89,218,002</b>	<b>42,218.02</b>	<b>89,218,002</b>	<b>100.00%</b>	<b>100.00%</b>

## 2 ACCOUNTING POLICY

### 1.1 General Information

#### **Form of the report**

Based on the legislative criteria determining the form of the report – as the net income, total balance sheet, number of employees – the Company is required to prepare an “Annual report”.

The method of chosen profit and loss statement: **Trade Cost Procedure** („A” version)

The “A” version balance occurs according to the act C. of 2000.

#### **Business year**

In accordance with the reporting system of the parent company the business year is determined differently from the calendar year from the 1<sup>st</sup> April to 31<sup>th</sup> March based on the article 11(2) of act C of 2000 by the Company.

#### **Date of balance preparation**

The date of balance preparation is the 15<sup>th</sup> April after the period.

#### **Accounting**

The company keep the books according to the rules of double-accounting in US dollars.

### 1.2 Major elements of the accounting policy

During the accounting, the Company enforces the evaluation methods, procedures, the order of value loss accounting are written in the compilation of the annual report, in the accounting principles and accounting policies. This ensures that report is reliable and provides a realistic view on the property of the Company, its composition, financial position and the results of the activities.

With respect to the report all and any information the omission or incorrect presentation of which may affect the decisions of the users shall be considered essential.

An error or impact of the error with effect on profit and loss or equity capital with the value of which is in excess of 2% of the aggregate amount of the balance shall be qualified as consequential (significant) error during the audit or internal audit.

#### **Evaluation procedures applied at the compilation of annaul report.**

#### **Intangible Assets**

The purchase or production cost of intangible assets reduced with the accumulated depreciation shall be indicated. Calculation of depreciation shall be made with the application of the linear method.

Expectable useful life of intangible assets is the following:

Intellectual products	3 - 10 years
Capitalised value of research and development	5 - 10 years

The residual value in the case of intangible assets is specified individually.

Intellectual products under the purchasing value of 100 000 HUF shall be accounted in full amount.

### **Tangible Assets**

Tangible assets are included in the balance sheet at purchase value, or at production cost deduced with cumulated depreciation. Calculation of depreciation is made by means of the linear method. The expectable useful lives of assets are the following:

Land and buildings	50 -100 years
Technological equipment	7 - 10 years
Other equipment	2 - 7 years

The expectable useful life time of tangible assets is defined with regard to the time of their continuous serviceability.

The reduced value of devices which purchase value is less than 100 000 HUF is accounted for an amount.

### **Invested Financial Assets**

Investments meaning proportion of property are valued at purchase price until their market values permanently decline under their registered value. In this case the market price at the time of balancing shall form basis for the valuation, or – if such is not available – the proportion possessed by the Company in the shareholders' equity as per the statement.

### **Inventory**

The purchased stocks are reported. The valuation of stocks of private (own-) production (semi-finished and finished products, work in progress) occurs with the actual production cost determined with post calculation.

### **Accounting of Securities and Transactions in Foreign Currency**

In accordance with Section 60 of the Act on accounting, the determination of the assets and liabilities shall be accounted in USD at the middle exchange rate being valid on the day of the transaction and announced by Hungarian National Bank.

### **Valuation at Real Value**

ALKALOIDA Chemical Company Ltd. shall not avail itself of the opportunity of valuation at real value, thus there exists neither valuation difference not valuation reserve for real valuation in the balance sheet, and the income statement includes no valuation difference either.

## **3 COMPLETION TO THE REPORTING DATA**

### **3.1 Composition of assets**

Data in USD

Description	31/03/2018	31/03/2019	Deviation	Index % 2019/2018
Intangible assets	80,663	77,899	-2,764	96.57%
Tangible assets	43,235,626	42,514,532	-721,094	98.33%
Invested financial assets	486,093,991	585,519,156	99,425,165	120.45%
<b>Fixed assets</b>	<b>529,410,280</b>	<b>628,111,587</b>	<b>98,701,307</b>	<b>118.64%</b>
Inventories	29,244,130	32,573,071	3,328,941	111.38%
Receivables	11,633,100	22,851,406	11,218,306	196.43%
Securities	0	0	0	0.00%
Liquid assets	1,682,735	5,082,290	3,399,555	302.03%
<b>Current assets</b>	<b>42,559,965</b>	<b>60,506,767</b>	<b>17,946,802</b>	<b>142.17%</b>
<b>Accrued and deferred assets</b>	<b>1,956,700</b>	<b>9,781,414</b>	<b>7,824,714</b>	<b>499.89%</b>
<b>Total of assets</b>	<b>573,926,945</b>	<b>698,399,768</b>	<b>124,472,823</b>	<b>121.69%</b>

### 3.1.1 Intangible assets

The value of the intangible assets developed during the reporting period according to those contained in annex No.1.

The method of accounting for depreciation in the case of tangible assets has not changed compared to last year.

### 3.1.2 Tangible assets

The value of the intangible assets developed during the reporting period according to those contained in annex No.2.

The increase in the tangible assets has been caused by investments exceeding the net value of the accounted depreciation and of the scrapped tangible assets. The value of the activated capital expenditure is 2.435 thousand USD, and the stock of WIP capital expenditure is 659 thousand USD in the reported period.

Changes in the stock are given in the Annex 2.

Renewal and enlarge of assets will continue.

**The tangible asset directly serves the protection of environment** is the recovery system works on the territory of the Company which data are the followings:

	01/04/2018 Opening USD	Increasing USD	Decreasing USD	31/03/2019 Closing USD
Gross value	5,124,882	0	0	5,124,882
Depreciation	2,038,319	463,403	0	2,501,722
Net value	3,086,563		-463,403	2,623,161

**Leased assets**

Our Company signed leasing contract on cars with value of 39,155 USD in the reporting period, net value of the same at the end of the reporting period is 1.510 USD.

The accounting method of the depreciation of the intangible assets has not changed compared to the past year.

**3.1.3 Invested Financial Assets**

Description	31/03/2018	31/03/2019
Long term investment to associated companies	259,607,265	254,781,967
Long term investment to others	0	0
Long-term credits given to associated companies	226,486,726	330,737,189
<b>Invested financial asset</b>	<b>486,093,991</b>	<b>585,519,156</b>

The development of the Company's share is contained in annex No.3.  
Long-term loans are detailed in the Annex 4.

**3.1.4 Inventory**

**Data in USD**

Description	31/03/2018	Discard value	Write off	31/03/2019	Index %
Raw Materials and consumables	10,382,522	18,758	130,216	14,100,457	136%
Semi-finished goods and work in progress	9,987,727	19,904	179,064	9,589,963	96%
Live stock	-	-	-	-	0%
Finished goods	8,571,460	31,760	7,366	8,805,470	103%
Goods	-	-	-	-	0%
Advance payments for stock, goods	302,421	-	-	77,181	0%
<b>Total</b>	<b>29,244,130</b>	<b>70,422</b>	<b>-41,482</b>	<b>32,573,071</b>	<b>111%</b>

Raw material inventory and WIP increased due to the increment of production output.  
Advance payment for stock was paid to the SUN Pharma Ltd.

**3.1.5 Receivables**

Discription	Data in USD	
	31/03/2018	31/03/2019
Domestic trade receivables	64,311.75	428,858.58
Export trade receivables	1,545,144.41	1,883,097.01
Receivables to related companies	8,893,444.00	17,923,155.00
Other receivables	1,130,200	2,616,295
<b>Receivables</b>	<b>11,633,100.16</b>	<b>22,851,405.59</b>

Our receivables from related companies come from delivery of goods and services. At the end of the period the Company has no overdue receivables at related parties.

Receivables at parent company: 0

Receivables against subsidiaries: 155,016 USD

**Classification of receivables**

Description	Data in USD	
	31/03/2018	31/03/2019
Due receivables	1,476,809	2,174,152
Overdue receivables	132,647	137,804
of which:		
between 0-90 days	132,494	125,603
between 91-180 days	134	6,429
between 181-360 days	19	5,772
over days	-	0
<b>Total</b>	<b>1,609,456</b>	<b>2,311,956</b>

The change in the devaluation of the receivables during the year developed as below:

Description	Data in USD	
	31/03/2018	31/03/2019
<b>Opening</b>	<b>93,771</b>	<b>88,977</b>
Growth in devaluation	7,392	1,769
Devaluation writeback	12,186	0
Bad debt writte-off		
<b>Closing</b>	<b>88,977</b>	<b>90,746</b>

The Company charged devaluation only on overdue receivables similarly to the previous year within accounted devaluation

## ALKALOIDA Chemical Company Limited by Shares

SUPPLEMENTARY ANNEX 01/04/2018 – 31/03/2019

(DATA IN USD)

Value losses are written back resulted from the receivables devaluated in the previous year, received during the year.

Value loss was not accounted for receivables are relating to the related loss in the value.

The details of other receivables are shown in the table below

<b>Other receivables</b>	<b>31/03/2018</b>	<b>31/03/2019</b>
Advance payments for services	295	3,060
Meal allowances settlement		36
Advance payment for salary to employee	64,755	61,959
Duty	54,784	103,459
Advance payments against rendering accounts	-	-
Refundable VAT	994,676	2,265,266
Local tax		73,028
Corporation tax		13,358
Other receivables	15,689	96,129
<b>Total</b>	<b>1,130,199.26</b>	<b>2,616,295</b>

Among other receivables the VAT receivables decreased significantly.

### 3.1.6 Cash and Bank

At the end of the current year the total USD value of the cashes was 5.082.290 USD of which 2.633 USD was in the home cash office.

In the reported period the Company had three account-keeping banks: The Hungarian branch office of Raiffeisen Bank Zrt., CIB Bank Zrt. and the ING Bank N.V.

The company has HUF and foreign exchange account at all of the banks, the largest part of which is represented by the ING. The rest of turnover is distributed equally between the CIB and Raiffeisen.



3.1.7 Amount of accrued income

Description	Data in USD		
	31/03/2018	31/03/2019	Index %
Services, sold energy	28,598	0	0.00%
Interest on deposits tied up	1,712,936	9,666,505	564.32%
<b>Accrued income</b>	<b>1,741,533</b>	<b>9,666,505</b>	<b>555.06%</b>
IT cost	0	0	0.00%
Car tax	1,640	0	0.00%
Bank Guarantee	0	0	0.00%
Insurance fee	5,689	0	0.00%
Membership fees	88	0	0.00%
Registration cost	113,042	113,153	100.10%
Construction and civil engineering tax	91,859	0	0.00%
Subscription fees	2,847	1,756	61.67%
<b>Accrued expenses</b>	<b>215,167</b>	<b>114,909</b>	<b>53.40%</b>
<b>Deferred expenses</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total</b>	<b>1,956,700</b>	<b>9,781,414</b>	<b>499.89%</b>

The amount of accruals increased during the reported period. IC affiliates have not paid the the interests on their given loans which is the reason why the accrued income increased.

3.2 Composition, presentation of sources

Description	Data in USD			
	31/03/2018	31/03/2019	Deviation	Index % 2019/2018
Issued capital stock	89,260,220	89,260,220	0	100.00%
Capital reserve	296,794,237	296,794,237	0	100.00%
Profit reserve	-7,917,857	-9,481,067	-1,563,210	119.74%
Tied up reserves	0	0	0	0.00%
Profit or loss per balance sheet	-1,563,207	311,702,070	313,265,277	-19939.91%
<b>Equity capital</b>	<b>376,573,393</b>	<b>688,275,460</b>	<b>311,702,067</b>	<b>182.77%</b>
<b>Provisions</b>	<b>47,650</b>	<b>47,650</b>	<b>0</b>	<b>100.00%</b>
Deferred liabilities	0	0	0	0.00%
Long-term liabilities	188,093,409	0	188,093,409	0.00%
Short-term liabilities	3,771,439	7,702,715	3,931,276	204.24%
<b>Liabilities</b>	<b>191,864,848</b>	<b>7,702,715</b>	<b>184,162,133</b>	<b>4.01%</b>
<b>Accrued and deferred liabilities</b>	<b>5,441,054</b>	<b>2,373,943</b>	<b>-3,067,111</b>	<b>43.63%</b>
<b>Total of Sources</b>	<b>573,926,945</b>	<b>698,399,768</b>	<b>124,472,823</b>	<b>121.69%</b>

**ALKALOIDA Chemical Company Limited by Shares**

**SUPPLEMENTARY ANNEX 01/04/2018 – 31/03/2019**

**(DATA IN USD)**

**3.2.1 Own share**

**Data in USD**

Description	31/03/2018	31/03/2019	Difference 2019-2018	Index % 2018/2017
Subscribed capital	89,260,220	89,260,220	0	100.00%
Capital reserve	296,794,237	296,794,237	0	100.00%
Accumulated profit reserve	-7,917,857	-9,481,067	-1,563,210	119.74%
Tied-up reserve	0	0	0	0.00%
Net profit per balance sheet	-1,563,207	311,702,070	313,265,277	-19939.91%
<b>Own capital</b>	<b>376,573,393</b>	<b>688,275,460</b>	<b>311,702,067</b>	<b>182.77%</b>

The profit reserve decreased by loss of the previous year, the current net profit per balance sheet has significantly increased compared to the previous year due to the dividend received.

The figures required for the analysis of the financial situation of the Company are included in Annexes 6-7-8.

**3.2.2 Long term liabilities**

The long term liabilities was paid back until the end of the period.

**Long term liabilities to related companies**

**Data in USD**

Lender	Outstanding loan 31/03/2018	Outstanding loan 31/03/2019	Outstanding in original currency			
			Maturity	Below one year	Between 1 and 5 years	Interest rate (p.a.)
Sun Pharma Global FZE	81,841,708	0	2024.03.27		0	3.21%
Sun Pharma Global FZE	106,250,000	0	2019.06.15		0	
<b>Total</b>	<b>188,091,708</b>	<b>0</b>			<b>0</b>	

**3.2.3 Short term liabilities**

Description	Data in USD	
	31/03/2018	31/03/2019
Short term loans	6,477	1,510
Advance from costumers	97,688	27,519
Suppliers	1,477,840	1,610,381
Short term liabilities to related company	2,112,371	6,046,925
Other liabilities	77,063	16,380
<b>Total</b>	<b>3,771,439</b>	<b>7,702,715</b>

Short term liabilities row contains the repayment installment of leasing debt within one year.

Actual liabilities against the related companies are resulted from delivery.

Liabilities to parent company: 0

Liabilities to subsidiaries: 10.856 USD

**Other Short term liabilities:**

Description	Data in USD		
	31/03/2018	31/03/2019	Index %
Tax liabilities	50,095	13,751	0.00%
Communal taxes	24,599	-	0.00%
Other	2,369	2,629	110.97%
<b>Total</b>	<b>77,063</b>	<b>16,380</b>	<b>21.26%</b>

**3.2.4 Accrued and deferred liabilities**

Accrued and deferred liabilities can be classified into the following groups:

Description	Data in USD		
	31/03/2018	31/03/2019	Index %
Deferred income	0	0	0.00%
Deferred costs	2,208,613	1,915,688	86.74%
Deferred expenditures - interest on loan	2,754,154	0	0.00%
Accrued income	478,287	458,255	95.81%
<b>Total</b>	<b>5,441,054</b>	<b>2,373,942</b>	<b>43.63%</b>

The detailed costs, investments of accrued and deferred liabilities are shown by the following table.

Description	Data in USD		
	31/03/2018	31/03/2019	Index%
<b>Deferred costs</b>	<b>2,208,613</b>	<b>1,915,688</b>	<b>86.74%</b>
Maintenance	49,334	124,477	252.32%
Environmental protection cost	472,377	304,738	64.51%
Audit	16,887	26,913	159.37%
Energy supply	468,591	214,797	45.84%
Wages, staff reduction related costs	919,098	946,248	102.95%
Leasing fee	-	-	0.00%
Safety technology cost	38,822	27,139	69.91%
Cleaning cost	15,771	13,706	0.00%
Other service	140,758	117,909	83.77%
Post cost	-	16	0.00%
Fuel cost	5,060	5,050	99.80%
Contract labour cost	61,370	108,073	176.10%
Travel	1,514	3,058	0.00%
Transportation cost	19,031	21,327	112.07%
Employee - gift - allowances	-	2237.303	0.00%

### 3.3 Data of profit and loss account

#### 3.3.1 Sales revenue

Domestic and export sales distribution:

Description	Data in USD		
	31/03/2018	31/03/2019	Index%
Domestic	1,254,347	1,566,662	124.90%
Export	20,232,876	37,910,939	187.37%
<b>Total</b>	<b>21,487,223</b>	<b>39,477,601</b>	<b>183.73%</b>

96 percent of the total revenue comes from the export.

Export sales in the accounting period developed as below broken down by geographically separated markets:

Description	31/03/2018	31/03/2019
	USD	USD
Europe	4,321,012	6,871,630
of which: EU	3,773,706	6,523,973
America	10,475,157	19,537,757
Asia	5,015,924	10,788,920
Africa	417,133	712,632
Australia	3,650	-
<b>Total</b>	<b>20,232,876</b>	<b>37,910,939</b>

**3.3.2 Other income**

Description	Data in USD	
	31/03/2018	31/03/2019
Revenue from sale of intangible and tangible	5,033	13,708
Revenue related to previous years	322,483	391,916
Writeback of receivable devaluation from previous year	12,185	0
Other	1,349,798	862,533
Rounding	0	0
Received delay interest, compensation	1,142	4,777
Provision writeback	0	0
Received subsidy for costs compensation	20,405	20,032
<b>Total</b>	<b>1,711,047</b>	<b>1,292,965</b>

**3.3.3 Breakdown of cost by types of cost**

Description	Data in USD	
	31/03/2018	31/03/2019
<b>Capitalised value of own performance</b>	<b>6,290,782</b>	<b>- 263,231.00</b>
Capitalised value of self-produced assets	-	-
Change in self-produced inventory	3,506,590.23	- 437,755.05
correction of change of stocks/ devaluation	2,784,192	174,524
<b>Material related expenses</b>	<b>22,151,085</b>	<b>31,715,997</b>
Material cost	13,923,963	21,311,722
Services rendered	7,648,906	7,733,866
Cost of goods sold	342,048	2,318,452
Intermediated services	3,718	34,960
Value of other services	232,450	316,997
<b>Staff expenses</b>	<b>8,823,886</b>	<b>9,002,532</b>
Wages and salaries	6,381,942	6,508,556
Personal related expenses	994,441	1,097,221
Social security contribution	1,447,503	1,396,755
<b>Depreciation and amortisation</b>	<b>3,462,302</b>	<b>3,532,501</b>

**Environmental protection cost**

Description	Value in USD	
	31/03/2018	31/03/2019
Operation of a remediation system	2,361,819.48	1,665,627.66
Material costs	23,496.48	0.00
Dues stamps	80.27	2,366.72
Demolition of buildings	0.00	
Work related to remediation	8,952.62	15,089.26
Depreciation	478,406.29	463,402.66
<b>Total</b>	<b>2,872,755.14</b>	<b>2,146,486.30</b>

**Salary and headcount data**

Payroll taxes

Payroll taxes by title	USD
Social security contribution	1,192,219
Health contribution	131,649
Contribution to vocational training fund	72,888
<b>Total</b>	<b>1,396,755</b>

In the reporting period the wages and personal allowances and the relating contributions were as follows:

Staff group	Average statistical headcount	Wage costs	Contributions of wages	Other Compensation	Staff costs altogether
	persons	USD	USD	USD	USD
Full-time, blue collar	269	3,112,399	671,903	590,077	4,374,380
Full-time white collar	153	3,335,808	729,718	493,123	4,558,649
Part time employees	6	54,642	9,743	10,909	75,294
Others not in staff	11	5,707	-14,610	3,112	-5,790
<b>Total</b>	<b>439</b>	<b>6,508,556</b>	<b>1,396,755</b>	<b>1,097,221</b>	<b>9,002,532</b>

**3.3.4 Turnover cost type result-account**

Data in USD

Description	31/03/2018	31/03/2019
Cost of sales	21,730,887	36,353,978
Cost of goods sold	342,048	2,318,453
Intermediated services	3,718	34,960
<b>Direct costs of sales</b>	<b>22,076,653</b>	<b>38,707,391</b>
Management costs	5,251,160	4,463,063
Sales, marketing costs	611,510	1,110,199
Other overhead	207,168	233,608
<b>Indirect costs</b>	<b>6,069,838</b>	<b>5,806,870</b>

3.3.5 Other expenditure

Description	Data in USD	
	31/03/2018	31/03/2019
Provision for expected costs	47,650	0
Devaluation Inventory and receivable	3,314,343	352,203
Net value of assets sold	0	0
Taxes	242,545	466,218
Fines	19,554	1,218
Compensation for damages	5,769	785
Other	3,030	17,732,008
Scrapping	540,136	70,422
Default interest	689	400
Environment pollution fee	11,830	9,696
Accumulation of provisions	213	0
Refunding to OEP	12,063	8,915
Rounding	401	22,987
Law suit costs	0	0
Other expenditures	4,589	1,073
Depreciation	0	5,312.45
<b>Total</b>	<b>4,202,814</b>	<b>18,671,237</b>

3.3.6 Result of financial operations

Description	Data in USD	
	31/03/2018	31/03/2019
<b>Revenues from financial trans.</b>		
Dividend income	0	348,577,507
Other interest received	1,985	469,941
Interest received from related companies	8,487,244	9,845,466
Other revenues from financial transactions exchange gain	3,492,105	360,522
<b>Revenues from financial trans.</b>	<b>11,981,334</b>	<b>359,253,437</b>
<b>Expenses on financial transactions</b>		
Financial and foreign exchange loss of investments	0	240,181
Interest paid	1,363	1,146
Exchange loss on fin. Investments	1,500,037	6,978,284
Interest paid to related companies	2,754,154	15,714,929
Receivables, liabilities, exchange loss	107,862	2,200,634
<b>Expenses on financial transactions</b>	<b>4,363,416</b>	<b>25,135,175</b>
<b>Profit (loss) of financial transactions</b>	<b>7,617,919</b>	<b>334,118,262</b>



## 3.3.7 Taxation

	Data in USD	
	31/03/2018	31/03/2019
<b>Corporate Tax</b>		
<b>Income before taxation</b>	<b>-1,533,117</b>	<b>311,703,330</b>
<b>Items deducible from income before tax</b>		
Loss carried forward utilised	334,328	0
Depreciation accounted as per the act on taxation, and the registration value defined when the asset was derecognised	3,617,317	3,641,210
The amount of previous years impairment reversal	12,186	0
Dividend received		331,148,754
<b>Total</b>	<b>3,963,831</b>	<b>334,789,964</b>
<b>Items increasing the income before tax</b>	<b>0</b>	<b>0</b>
Provisions for expected liabilities	47,650	0
Depreciation accounted as cost and the amount accounted as expenditure when the asset is derecognised	3,504,996	3,532,501
Amount of devaluation accounted as expenditure for receivables	7,392	1,769
Costs related to activities other than business	4,589	74
Binding judgements	2,475	0
Costs expenses and reduction of sales revenues, revenues, as a consequence of tax inspection, self-revision	0	0
Write off debts to related companies	1,500,037	6,976,982
Difference between market price actual price applied to group companies /interest free loan/	764,139	1,209,927
Revision of result		6,574
<b>Total</b>	<b>5,831,278</b>	<b>11,721,253</b>
<b>Tax base</b>	<b>334,330</b>	<b>-11,365,383</b>
<b>Corporate tax</b>	<b>30,090</b>	<b>1,260</b>
<b>Profit after tax</b>	<b>-1,563,207</b>	<b>311,702,070</b>

Correlation's between the outcome forming basis of accounting and taxation:

Tax base calculated from income before tax as per modification of effective tax rules is negative.

Corporate tax arised due to self-revision related to the previous year.

Following table presents tax base calculated based on income minimum.

**ALKALOIDA Chemical Company Limited by Shares**

**SUPPLEMENTARY ANNEX 01/04/2018 – 31/03/2019**

**(DATA IN USD)**

<b>Description</b>	<b>Data in USD</b>	
	<b>31/03/2018</b>	<b>31/03/2019</b>
Total income	35,179,604	400,024,000
Income increasing items	0	0
Income decreasing items	0	0
Adjusted income	35,179,604	400,024,000
2% of adjusted income	703,592	8,000,480
<b>Tax base</b>	<b>703,592</b>	<b>8,000,480</b>
<b>Tax liability based on minimum income calculation</b>	<b>63,323</b>	<b>720,043</b>

**3.4 Transactions with businesses within a group.**

<b>Associated Company</b>	<b>Data in USD</b>		
	<b>Customer turnover</b>	<b>Supplier turnover</b>	<b>Customer/Supplier turnover</b>
Sun Pharmaceutical Ind.Limited India	7,478,196	6,280,270	1,197,926
Sun Pharma Holdings USA Inc.	17,413,362	1,142,292	16,271,070
Sun Pharmaceutical Ind.(Europe)B.V	1,770,109	80,863	1,689,246
Sun Pharmaceutical Ind.(Australia)	0	6,438,354	-6,438,354
Sun Pharma Netherlands BV		1,261	-1,261
Terapia SA	19,043		19,043
TARo Canada	5,518		5,518
Ranbaxy Italia S.p.a	144,273	0	144,273
Ranbaxy (UK) Ltd.	1,800,115	0	1,800,115
<b>Total</b>	<b>28,630,616</b>	<b>13,943,040</b>	<b>14,687,576</b>

## **4 Other complements**

### **4.1 Research, development, investment**

In the years 2018-2019 research, experimental and development costs were not incurred at the company in its own activities.

### **4.2 Environmental protection, outgoings on Environmental protection**

The biological sewage-treatment plant has been operated continuously. The sewage sludge forming during the cleaning and considered to be hazardous waste has been disposed of through composting.

Hazardous waste has been incinerated during the reporting period. Non-hazardous waste has been deposited.

The following returns and reports concerning the previous year have been prepared for the environmental protection authority:

Report on hazardous and non-hazardous wastes;  
Report on air contamination point sources and on organic solvent emission sources,  
Underground water protection data sheets (tank parks and sewage plant),  
Water quality basic and annual reports on sewage emission to surface waters;

No air and water loading charges were payable to tax authority.

ENCOTECH Ltd. has prepared study on emission of air required by Authority. Read values were under the specified limits.

Három Kör DELTA Ltd. has completed the ground water and shallow ground water monitoring tests, to be performed twice a year as required by the authority, and submitted the concerning evaluative report. Following authority order the existing system was completed with new wells drilled.

The operation of the groundwater discharging system at the contaminated areas marked SZI-SZ-VIII-SZ-X by ELGOSCAR-2000 Ltd. was continuous.

Remediation of SZU-II. was continuous in the reported period, hazardous waste was deposited and contaminated air coming from strippers was incinerated. Waste incinerator was already closed at the beginning of the financial year and started in January 2017.

Recovery system for remediation activities of the area behind Incinerator has been completed, trial operation has been started.

No provision was separated for Environmental liabilities.

**4.3 No litigation relating to the claims, obligations are included in the balance sheet.**

**4.4 There are no additional balance items**

**4.5 The balance sheet does not contain any correction relating for the earlier periods.**

**4.6 Balance sheet and the profit and loss statement do not include any further breakdown beyond the determined breakdown, neither aggregation.**

**4.7 Business Management, Board of Directors, Supervisory Board**

The members of the executive officers, the Board of Directors and the Business Management are unrewarded for their activities during the current year.

The Company Management and the Work Council agreed in 2007 that based on the possibilities are provided by the Act on New Economic Companies (Act IV of 2006) no Supervisory Board is elected. The law has since been replaced by the Civil Code (Act V of 2013) which controls the establishment of a supervisory board.

**4.8 Cash flow account**

A Cash-Flow account is included by the attachment – 5.

**4.9 Liquidity, capital structure, profitability**

Indexes are contained by the attachment – 6, 7, 8.

15. April 2019, Tiszavasvári

Mihály Kaszás  
General Manager

**INTANGIBLE ASSETS**  
**2018/2019**

Description	Opening	Addition	Deletion	Closing
	01/04/2018			31/03/2019
	USD	USD	USD	USD
<b>Gross value</b>				
Capitalised value of foundation and restructuring costs				0
Capitalised value of research and development	2,788,655			2,788,655
Concessions and similar rights and assets k				0
Intellectual property	477,609	27,981		505,590
Goodwill				0
Advance payments on intangible assets				0
Revaluation of intangible assets				0
<b>Total</b>	<b>3,266,264</b>	<b>27,981</b>	<b>0</b>	<b>3,294,245</b>
<b>Depreciation</b>				
Capitalised value of foundation and restructuring costs				0
Capitalised value of research and development	2,782,728	736		2,783,464
Concessions and similar rights and assets k				0
Intellectual property	402,873	30,008		432,881
Goodwill				0
Advance payments on intangible assets				0
Revaluation of intangible assets				0
<b>Total</b>	<b>3,185,601</b>	<b>30,744</b>	<b>0</b>	<b>3,216,345</b>
<b>Net value</b>				
Capitalised value of foundation and restructuring costs				0
Capitalised value of research and development	5,927	-736		5,191
Concessions and similar rights and assets k				0
Intellectual property	74,736	-2,027		72,709
Goodwill				0
Advance payments on intangible assets				0
Revaluation of intangible assets				0
<b>Total</b>	<b>80,663</b>	<b>-2,763</b>	<b>0</b>	<b>77,900</b>

**TANGIBLE ASSETS**  
**2018/2019**

Description	Opening 01/04/2018 USD	Addition USD	Deletion USD	Closing 31/03/2019 USD
<b>Gross value</b>				
Land and buildings and related concessions and similar	53,085,084	1,136,175		54,221,259
Technical equipment, machinery and vehicles	29,705,288	764,665		30,469,953
Other equipment, fittings and vehicles	12,939,431	506,855		13,446,286
Breeding stock				
Capital WIP, renovations	812,190	2,282,854	2,435,676	659,368
Advance payments on Capital WIP	147,000	594,313		741,313
Revaluation of tangible assets				
<b>Total</b>	<b>96,688,993</b>	<b>5,284,862</b>	<b>2,435,676</b>	<b>99,538,179</b>
<b>Depreciation</b>				
Land and buildings and related concessions and similar	18,452,856	1,485,066		19,937,922
Technical equipment, machinery and vehicles	25,695,782	1,035,423		26,731,205
Other equipment, fittings and vehicles	9,304,729	981,266		10,285,995
Breeding stock				
Capital WIP, renovations				
Advance payments on Capital WIP				
Revaluation of tangible assets				
<b>Total</b>	<b>53,453,367</b>	<b>3,501,756</b>	<b>0</b>	<b>56,955,123</b>
<b>Net value</b>				
Land and buildings and related concessions and similar	34,632,228	-348,891		34,283,337
Technical equipment, machinery and vehicles	4,009,506	-270,758		3,738,748
Other equipment, fittings and vehicles	3,634,702	-474,412		3,160,290
Breeding stock				
Capital WIP, renovations	812,190	2,282,854	2,435,676	659,368
Advance payments on Capital WIP	147,000	594,313		741,313
Revaluation of tangible assets				
<b>Total</b>	<b>43,235,626</b>	<b>1,783,106</b>	<b>2,435,676</b>	<b>42,583,055</b>

## Long term investments in related companies 2018/2019

Company	Location	Proprietary share (%)	Currency	Value	Nominal value	
						Book value USD 31/03/2019
<b>Domestic</b>						
Reanal Finomvegyészgyár Zrt.	Hungary	0.81	THUF	1,167		-
<b>Total domestic</b>						
<b>Overseas</b>						
Taro Pharmaceutical Industries Ltd	Israel	60.9	ILS	2,711		239,842,016
Sun Ph. Industries (Europe) BV	Netherlands	100	EUR	18,000		20,180
Sun Ph Germany GmbH	Germany	100	EUR	25,000		28,027
Sun Pharmaceuticals France	France	100	EUR	37,000		41,481
SUN Farmacêutica do Brasil Ltda	Brazil	99.58	BRL	23,307,436		11,749,882
Sun Pharmaceuticals Switzerland	Switzerland	100	CHF	100,000		100,381
Tarsius Pharma						3,000,000
<b>Total overseas</b>						<b>254,781,966</b>
<b>Total investments</b>						<b>254,781,966</b>

USD

Long term given loans to related companies

Company	Currency	31/03/2018	Increase	Decrease	31/03/2019	Book Value
						USD
Sun Ph. Industries (Europe) BV	EUR	6,405,460	78,899	6,484,359	0	0
Ranbaxy Italia	EUR	3,231,536	61,559	0	3,293,095	3,691,872
SP Germany	EUR	3,000,000	0	400,000	2,600,000	2,914,847
SP France	EUR	1,553,928	29,602	900,000	683,529	766,301
SP Brasil	USD	34,486,802	1,501,221	0	35,988,023	35,988,023
Caraco USA	USD	174,376,145	121,000,000	8,000,000	287,376,145	287,376,145
SP Switzerland	CHF	150,836	537,302	688,138	0	0
<b>Total</b>						<b>330,737,189</b>



## CASH-FLOW STATEMENT FOR THE YEAR 2018/2019 ("A" TYPE)

USD

No.	Designation	Previous year 31/03/2018	Reference year 31/03/2019
	<b>I. Change in cash out of ordinary activity</b> (lines 1-13.)	<b>2,708,122</b>	<b>-54,859,128</b>
	(operational cash flow)		
1	± Profit or loss before tax	-1,533,117	311,703,330
	Profit or loss before tax correction		-348,577,507
	Corrected Profit or loss before tax		-36,874,177
2	+ Depreciation charge	3,462,302	3,532,501
3	± Loss in value/write back of loss in value	3,520,024	36,022
4	± Difference between provisions made and used	47,650	0
5	± Proceeds from sale of invested assets	-5,033	-13,708
6	± Change in trade accounts payable	512,776	4,067,095
7	± Change in other short term liabilities	92,886	-135,819
8	± Change in accrued expenses	1,959,354	-3,067,111
9	± Change in trade accounts receivables	-2,695,145	-9,732,211
10	± Change in current assets (except for: trade accounts and liquid assets)	-8,105,018	-4,845,745
11	± Change in prepaid expenses	5,481,533	-7,824,714
12	- Corporate tax paid (payable)	-30,090	-1,260
13	- Dividend paid (payable)		
	<b>II. Change in cash provided by operating activities</b> (lines 14-16.)	<b>-4,013,052</b>	<b>350,602,555</b>
14	- Purchase of invested assets	-4,018,085	2,011,340
15	+ Sales of invested assets	5,033	13,708
16	+ Dividend received		348,577,507
	<b>III. Change in cash used in investing activities</b> (lines 17-27.)	<b>-114,928</b>	<b>-292,343,872</b>
17	+ Share issue (capital increase)		0
18	+ Bond issue		
19	+ Borrowings	4,883,058	-188,093,409
20	+ Repayment, cancellation of long term loans and bank deposits	-4,997,986	-104,250,463
21	+ Cash received		
22	- Share withdrawal	0	0
23	- Bond redemption		
24	- Loan repayment		
25	- Long term loans given and bank deposits		
26	- Cash transferred		
27	± Change in liabilities towards the owners and in other long term liabilities		
	<b>IV. Movement in cash and cash equivalent</b> (±I±II±III. lines)	<b>-1,419,858</b>	<b>3,399,555</b>

<b>LIQUIDITY</b>	2017/2018	2018/2019	CHANGE
Liquidity ratio = $\frac{\text{Current assets}}{\text{Short term liabilities}}$	11.28	7.85	-30%
Quick asset ratio = $\frac{\text{Current assets - Stocks}}{\text{Short term liabilities}}$	3.53	3.62	3%
Cash liquidity ratio (cash ratio) = $\frac{\text{Cash and Bank + Securities}}{\text{Short term liabilities}}$	0.45	0.66	48%
Dynamic liquidity = $\frac{\text{Trading (operating) profit (loss)}}{\text{Short term liabilities}}$	-2.43	-2.91	20%
Term indicator (day) = $\frac{\text{Current assets - Stocks}}{\text{(Material-related expenses+ staff expenses+ Other expenses+ Paid interest and interest related expenses+ Tax payment liability) / 365}}$	128.03	135.80	6%
Short term operation safety indicator = $\frac{\text{Current assets - Short term liabilities}}{\text{Short term liabilities}}$	10.28	6.85	-33%
Long term operation safety indicator = $\frac{\text{Owner's equity + Deferred liabilities + Long term liabilities}}{\text{Fixed assets}}$	1.07	1.10	3%

<b>DEBT SERVICE</b>	2017/2018	2018/2019	CHANGE
Interest coverage I. = $\frac{\text{Trading (operating) profit (loss)}}{\text{Paid interest and interest related expenses}}$	-3.32	-1.43	-57.1%
Interest coverage II. = $\frac{\text{Ordinary entrepreneurial profit (loss)+ Paid interest and interest related expenses - Received interest and interest related revenues}}{\text{Paid interest and interest related expenses}}$	-2.64	20.18	-865.1%
EBITDA coverage I. = $\frac{\text{Trading (operating) profit (loss) + Amortisation}}{\text{Paid interest and interest related expenses}}$	-2.06	-1.20	-41.8%
EBITDA coverage II. = $\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenues + Amortisation}}{\text{Paid interest and interest related expenses}}$	-1.38	20.40	-1577.7%
Cash-flow coverage = $\frac{\text{Profit (loss) after taxation + Amortisation}}{\text{Paid interest and interest related expense}}$	0.69	20.06	2810.4%
Debt repayment ability = $\frac{\text{Profit (loss) after taxation + Amortisation}}{\text{Liabilities}}$	0.01	40.87	412822.3%

<b>CAPITAL STRUCTURE</b>		2017/2018	2018/2019	CHANGE
Capital adequacy = $\frac{\text{Owner's equity}}{\text{Assets total}}$		0.66	0.99	50.2%
Rate of indebtedness = $\frac{\text{Liabilities}}{\text{Assets total}}$		0.33	0.01	-96.7%
Net indebtedness = $\frac{\text{Liabilities - Receivables}}{\text{Owner's equity}}$		0.48	-0.02	-104.6%
Capital strain indicator = $\frac{\text{Liabilities}}{\text{Owner's equity}}$		0.51	0.01	-97.8%
Long term indebtedness = $\frac{\text{Deferred liabilities + Long term liabilities}}{\text{Deferred liabilities + Long term liabilities + Owner's equity}}$		0.33	0.00	-100.0%
Liabilities / Tangible assets = $\frac{\text{Liabilities}}{\text{Tangible assets}}$		4.44	0.18	-95.9%
Liabilities / Tangible net worth = $\frac{\text{Liabilities}}{\text{Owner's equity - Intangible asse}}$		0.51	0.01	-97.8%
Internal generation of equity capital = $\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity}}$		0.00	0.45	-11009.7%

<b>WORKING CAPITAL</b>		2017/2018	2018/2019	CHANGE
Working capital adequacy = $\frac{\text{Current assets - Short term liabilities}}{\text{Assets total}}$		0.07	0.08	11.9%
Turnaround of working capital = $\frac{\text{Net sales revenue}}{\text{Current assets - Short term liabilities}}$		0.55	0.75	35.0%
Short term liabilities / Tangible net worth = $\frac{\text{Buyer stock}}{\text{Supplier stock}}$		1.09	1.44	31.8%
Short term liabilities / Tangible net worth = $\frac{\text{Short term liabilities}}{\text{Owner's equity - Intangible asse}}$		0.01	0.01	11.9%

<b>PROFITABILITY I.</b>				
Return on Equity (ROE)	= Profit (loss) after taxation = Owner's equity	2017/2018	2018/2019	CHANGE
		-0.42%	45.29%	-11009.7%
Return on Sales (ROS)	= Profit (loss) after taxation = Net sales revenue	-7.28%	789.57%	-10953.1%
Return on Assets (ROA)	= Profit (loss) after taxation = Assets total	-0.27%	44.63%	-16485.9%
Profit (loss) after taxation / Working capital	= Profit (loss) after taxation = Current assets - short term liabilities	-4.03%	590.30%	-14747.5%
Profit (loss) after taxation / Tangible net worth	= Profit (loss) after taxation = Owner's equity - Intangible asset	-0.42%	45.29%	-11008.6%
Equity-proportional profit (loss) before taxation	= Profit (loss) before taxation = Owner's equity	-0.41%	45.29%	-11223.8%
Sales-proportional profit(loss) before taxation	= Profit (loss) before taxation = Net sales revenue	-7.14%	789.57%	-11166.2%
Asset-proportional profit (loss) before taxation	= Profit (loss) before taxation = Assets total	-0.27%	44.63%	-16807.6%
Profit rate of activity 1	= Trading (operating) profit (loss) = Net sales revenue	-42.59%	-56.78%	33.3%
Profit rate of activity 2	= Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue = Net sales revenue	-33.82%	803.25%	-2475.1%
Trading profit (loss) /Owner's equity	= Trading (operating) profit (loss) = Owner's equity	-2.43%	-3.26%	34.0%
<b>PROFITABILITY II.</b>				
Trading profit (loss) / Assets total	= Trading (operating) profit (loss) = Assets total	2017/2018	2018/2019	CHANGE
		-1.59%	-3.21%	101.3%
EBIT / Assets total	= Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Receiver = Assets total	-1.27%	45.40%	-3685.9%
EBIT / Tangible net worth	= Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Receiver = Owner's equity - Intangible assets	-1.93%	46.08%	-2487.3%
EBITDA / Assets total	= Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue+ Amortisation = Assets total	-0.66%	45.91%	-7025.6%
Return on Investment (ROI)	= Profit (loss) after taxation = Owner's equity + Deferred liabilities + Long term liabilities	-0.28%	45.29%	-16458.9%
Return on Capital Employed (ROCE) (Capital-proportional EBITDA)	= Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue = Owner's equity + Deferred liabilities + Long term liabilities	-1.29%	46.07%	-3680.0%
Return on Invested Capital (ROIC)	= Trading (operating) profit (loss) * (1 - Company tax rate) = Total liabilities - Suppliers - Accruals	-1.36%	-2.91%	114.3%
Profit reinvestment ratio (Rate of capital growth)	= Profit (loss) after taxation = Owner's equity	-0.42%	45.29%	-11009.7%
Gross margin	= Sales sales revenue - (Material related expenses + Staff expenses) = Net sales revenue	-44.16%	-3.14%	-92.9%
Export ratio	= Net export sales revenue = Net sales revenue	94.16%	96.03%	2.0%