Report of the Independent Auditors pursuant to art. 14 of Legislative Decree no. 27 January 2010, n. 39

To the sole shareholder of
Ranbaxy Italy SpA

Report on financial statements ended 31 March 2016

We conducted the audit of the enclosed financial statements of Ranbaxy Italy SpA ended on March 31, 2016, represented by the balance sheet at 31 March 2016, the income statement for the fiscal year closed at that date, and the notes.

Directors liability over the financial statements

Directors are responsible for the preparation of financial statements aimed at presenting a true and fair view in accordance with the regulations governing their drafting.

Independent Auditors liability

Our responsibility is to express an opinion on the financial statements based on our audit.

We have carried out our audit in accordance with International auditing standards (ISA Italia) developed according to art. 11, comma 3, of D.Lgs. 39/10. Such principles require compliance to ethical standards, as well as the planning and implementation of accounting audit in order to acquire reasonable reassurance the statements do not contain significant errors.

The accounting audit implies the implementation of procedures aimed at the acquisition of evidences to support amounts and information contained in the financial statements. Procedures chosen depend on the auditor professional opinion, including the assessment of risk of significant mistakes in the statements, due to fraud or to behaviors or unintentional events. When conducting risk assessment, the auditor takes into consideration the internal control over the financial statements preparation aimed at providing a true and fair view; this in order to define audit procedures appropriate to circumstances, and not to express opinion over the efficacy of the company internal control. The accounting audit includes also the judgment over the appropriateness of accounting principles adopted, the reasonableness of accounting estimations done by Directors, as well as the judgment on the overall financial statements presentation.

We believe we have acquired adequate elements for expressing our opinion.

Opinion

In our opinion, the financial statements of Ranbaxy Italy SpA at 31 March 2016 give a true and fair view of the financial and equity position of Ranbaxy Italy SpA and of the economic result for the fiscal year closed on that date, according to Italian regulations ruling financial statements preparation.

Other topics

The financial statements of Ranbaxy Italy S.p.A. for the year ended March 31, 2015 were audited by another auditor which, on May 25, 2015, expressed an unmodified opinion on those financial statements.

The Company, as required by law, has included in the notes to the essential data of financial statements of the company which exercises management and coordination activities. Our opinion on the financial statements of Ranbaxy Italy S.p.A. does not extend to such data.

Report on other law regulations

Opinion on the consistency of the management report with the financial statements

We have performed the procedures required in ISA (SA Italy) n. 720B in order to express, as required by law, an opinion on the consistency of the management report, which is the responsibility of the Directors of Ranbaxy Italy S.p.A., with the financial statements of Ranbaxy Italy S.p.A. at 31 March 2016. In our opinion, the management report is consistent with the financial statements of Ranbaxy Italy S.p.A. to March 31, 2016.

Milan, July 11, 2016

Crowe Horwath AS SpA

Alessandro Ruina.

RANBAXY ITALIA SpA
Sole shareholder company

Company subject to management and coordination of:
Sun Pharmaceuticals Industries Limited

Head office: PIAZZA FILIPPO MEDA 3 MILANO MI
Registered at Milan Company Register - Fiscal Code: 04974910962
REA Number: MI 1787791
Share Capital: Euro 50,000 fully paid
Vat Code: 04974910962

Statutory Board of Auditors Report to Statements closed at 31/03/2016 according to art. 2429 of Civil code

Dear Shareholder,

subject to examination of this Report are the draft financials for the year ending 31 March 2016 considered as the set of the Balance Sheet, the Income Statement, the Notes and the Management report.

Pursuant to Article. 2429 of the Italian Civil Code the Board reminds that according to the shareholders' meeting of 09.10.2015 the Statutory Audit is entrusted, according to art. 6 and followings of D.Lgs. 39/2010 to the independent auditors Crowe Horwath AS SpA, registered in the register held by the Ministry of Justice, according to Article 2409-bis of the Civil Code.

The Independent Auditors released today their report on the financials for the year ending 31 March 2016 with no remarks.

In compliance with the provisions contained in Article. 2403 Civil Code we watched over the observance of the law and the statute, the compliance to principles of proper administration and the adequacy of the organizational, administrative and accounting structure of the company.

The draft financial statements as at March 31, 2016, that Board of Directors is submitting for your approval, covers the economic and financial synthesis of the Ranbaxy Italy SpA, sole shareholder company.

The financial statements, made available to the Statutory Board of Auditors, have been prepared in accordance with the provisions of Articles 2423 and following of the Civil Code, appropriately integrated by the accounting principles drawn up by CDNCeR now updated to the new laws by the Italian Accounting Institution (OIC).

The examination of the balance sheet shows a loss of Euro 2.714.170.

The Auditors, taking into account the principles of conduct of the Board of Auditors recommended by the National Council of Chartered Accountants and Accountants, inform to have verified the compliance to the principles of sound management and watched over the compliance with the law and the articles of incorporation, as of their responsibilities, as well as the adequacy of the organizational structure and the accounting system, and have reported their effectiveness in this fifth period of administrative activity.

The Board of Auditors, which expressed its consent to the recognition of the “goodwill” as intangible asset, acknowledges that during the fiscal year ending 31 March 3016 such goodwill was depreciated for the amount equal to its net book value.

In the Supplementary Notes to the financial statements all the information required by art. 2427 of the Civil Code and other laws have been given.

In the Management Report the information required by Article. 2428. Civil Code were provided.

The Board states that no complaints have been received pursuant to Article 2408 of the Civil Code, and no other complaints were received.

With reference to the loss of € 2.714.170, the amount of reserves built during 2015 allows to maintain a positive net equity of € 835.832.

Dear Shareholder,

The Statutory Board of Auditors has no objection to the approval of the financial statements at 31.03.2016, nor does it make any objection to the draft resolution submitted by the Board of Directors.

Milan 11 Luglio 2016
The President of Statutory Board of Auditors
Dott. Giovanni Martinelli

The Permanent Auditor
Rag. Franco De Riso

The Permanent Auditor
Dott. Vittorio Vismara

RANBAXY ITALIA S.P.A.

Registered office: Piazza Filippo Meda N. 3 Milan (MI)
Registered with the Registrar of Trading Companies in Milan
Tax payer Code and registration no. 04974910962
Registered in the R.E.A. of Milan no.1787791
Share capital subscripted € 50.000 fully paid-in
VAT number: 04974910962
Sole shareholder
Company exercising the management and coordination activity: Sun Pharmaceuticals Industries Limited

Management Report

Financial Statements at 31/03/2016

Dear Shareholders,

We would like to draw your attention to the Financial Statements for the Fiscal year ended on 31st March 2016, highlighting a loss before tax accounting for € 2.773.904, and a net loss of 2.714.170.

First of all, we highlight that this Directors' Report has been drawn up in compliance with the provisions set forth by art. 2428 of the Civil Code, so as amended by the Legislative Decree of 2 February 200, n. 32 and by the subsequent art. 2, comma 1, Legislative Decree of 6 November 2007, n. 195.

In the Supplementary Notes you have been given details concerning the financial statements at 31st March 2016; in this document, pursuant to the provisions set forth by art. 2428 of the Civil Code, we would like to provide you with information on the situation of your company and on the management trend.

This report, drawn up with figures in Euros (thousands separated by "." and decimals separated by ","), is presented together with the financial statements for the FY to provide information on incomes, assets, financial situation and management together with – whenever possible – historical elements and perspective evaluations.

Company Information

The company operates in the sector of pharmaceutical products distribution.
Also during fiscal year closed at 31st March 2016, the management focused on the market segment of generics or equivalent medicines.

The loss reported in the fiscal year ended at 31st March 2016 could be largely attributed to the following reasons:

- a deterioration of the value of the production (approximately -14%), due to:
    - a reduction of sales in the retail channel also related to the wholesalers concentration process
    - a cut of price of some products, September 2015 on, due to an initiative of the Italian Agency for the Drugs (AIFA) which drove to the renegotiation of sale prices
    - the impact, also for the year just closed, of the interruption of an important supply agreement, in addition to the expiration of another one also relevant.
- the write off of net book value of Goodwill reported in company assets.

Despite an improvement of the incidence of the Cost of Goods Sold (from 36,6% to 35% on the Value of Production) the Gross Operating Margin was totally eroded (moving from 4,4% to -2,7%) as a consequence of:

- a higher impact of general expenses, even if reduced in absolute value
- an increase of personnel costs (which include restructuring costs) and their % impact

The deterioration of the Gross Operating Margin has, as a consequence, impacted the Operating Margin, also affected by the economic impact of Goodwill write off, and the Pre-Tax Margin as well.

The collection times have decreased significantly in consideration of effort given on credit management, from both in-house activities and the partnership with a company specialized in credit collection and to whom we assigned positions with oldest overdue.

During the year the company has been focused in the evaluation of areas of inefficiency that led, among other things, to the dismissal of certain products from the portfolio and the reorganization of certain business functions.

With regard to this last point, we would like to point out that, in consequence of the start of interaction with Sun Pharma Group (through the incorporation of Ranbaxy Laboratories Ltd. Sun Pharmaceutical Industries Ltd, which took place on March 25, 2015), some organizational changes were implemented, with the substitution of the hierarchical reporting model, the synthesis of which is the General Manager, with a functional reporting model. This resulted in some changes to the internal governance system.

We confirm the company is also still focusing in business strategies aimed at:

- push on sales and sales mix, with specific focus on products with higher gross contribution
- cost control and optimization
- concessionaries stock monitoring, in order to avoid issues with sales returns
- credit management, in order to reduce risk of insolvency, as well as to improve DSO

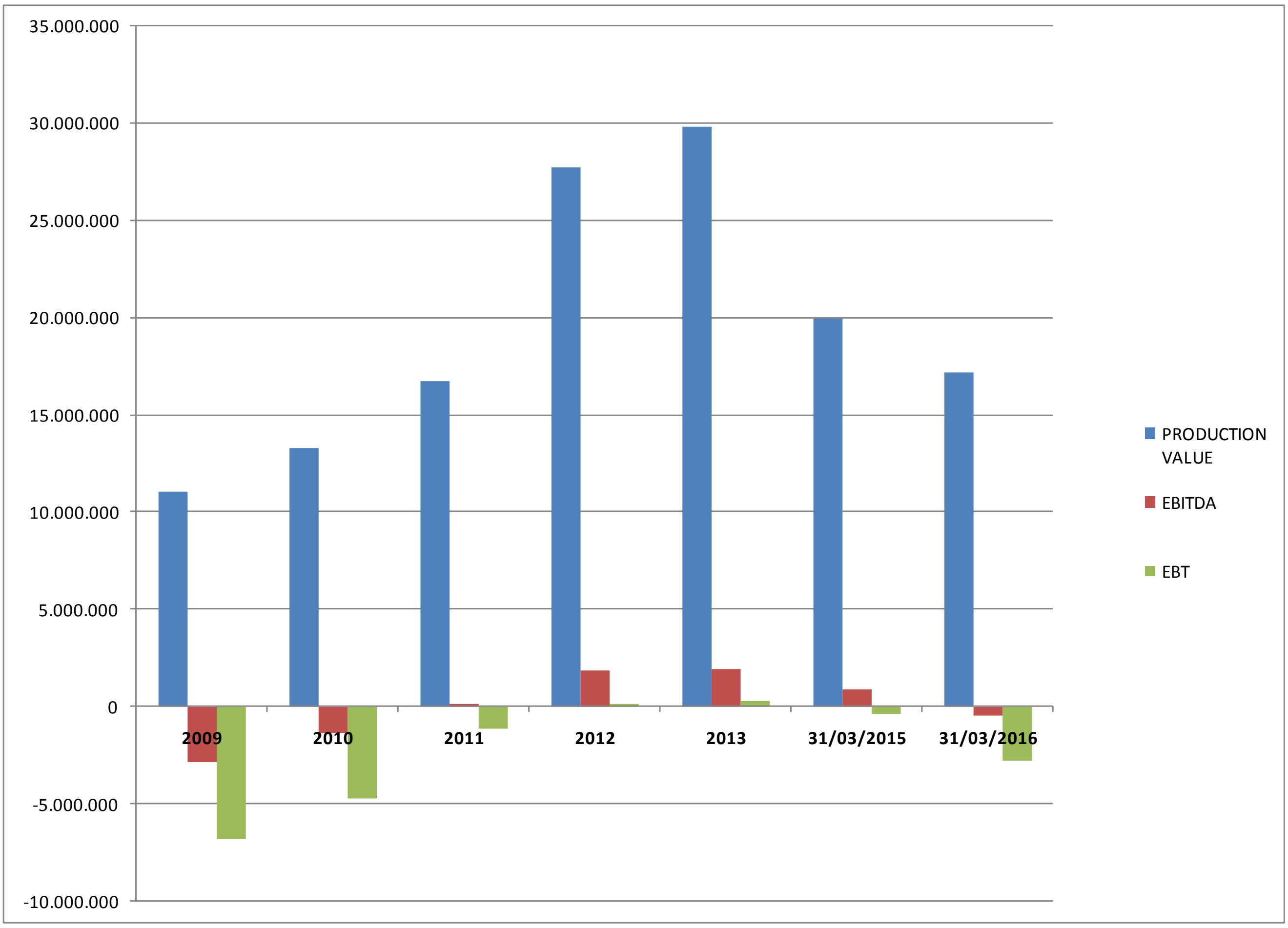
Profit & Loss

To better understand the results of the company management, the chart below shows the Income statement reclassification.

	FY 2015 01.04.2015 31.03.2016	%	FY 2014 01.04.2014 31.03.2015	%	FY 2013 01.01.2013 31.03.2014 (15 Months)	%
PRODUCTION VALUE	**17.186.754**	**100,0%**	**19.965.461**	**100,0%**	**29.817.816**	**100,0%**
- Cost of goods sold	6.008.674	35,0%	7.298.797	36,6%	12.684.721	42,5%
- General expenses	8.826.498	51,4%	9.071.998	45,4%	11.758.328	39,4%
VALUE ADDED	**2.351.581**	**13,7%**	**3.594.665**	**18,0%**	**5.374.767**	**18,0%**
- Personnel cost	2.812.394	16,4%	2.720.672	13,6%	3.467.103	11,6%
EBITDA	**- 460.813**	**-2,7%**	**873.994**	**4,4%**	**1.907.664**	**6,4%**
- Amortization & Depreciation	1.711.063	10,0%	696.218	3,5%	856.941	2,9%
GROSS OPERATING MARGIN	**- 2.171.876**	**-12,6%**	**177.776**	**0,9%**	**1.050.723**	**3,5%**
- Miscellaneous expenses	542.000	3,2%	527.291	2,6%	764.616	2,6%
MARGIN BEFORE INTERESTS	**- 2.713.876**	**-15,8%**	**- 349.516**	**-1,8%**	**286.107**	**1,0%**
- Financial income	1.611	0,0%	2.757	0,0%	591	0,0%
+/- Forex adjustments	16.233	0,1%	- 32.520	-0,2%	28.005	0,1%
NET OPERATING MARGIN	**- 2.696.032**	**-15,7%**	**- 379.278**	**-1,9%**	**314.703**	**1,1%**
- Financial charges	- 77.872	-0,5%	- 103.977	-0,5%	- 130.427	-0,4%
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS	**- 2.773.904**	**-16,1%**	**- 483.255**	**-2,4%**	**184.276**	**0,6%**
+/- Extraord. Income and charges	-	0,0%	84.367	0,4%	92.645	0,3%
PROFIT/(LOSS) BEFORE TAX	**- 2.773.904**	**-16,1%**	**- 398.888**	**-2,0%**	**276.921**	**0,9%**
- Income Taxes	59.735	0,3%	- 4.070	0,0%	- 140.630	-0,5%
NET PROFIT/(LOSS)	**- 2.714.170**	**-15,8%**	**- 402.958**	**-2,0%**	**136.292**	**0,5%**

Here below you can see the summary trend of sales and margins over the period 2009-31.3.2016:

	2009 1/1 - 31/12	**2010 1/1 - 31/12**	**2011 1/1 - 31/12**	**2012 1/1 - 31/12**	**2013 1/1/13 - 31/3/14 15 mesi**	**31.03.2015 1/4/14 - 31/3/15**	**31.03.2016 1/4/15 - 31/3/16**
PRODUCTION VALUE	11.033.418	13.320.958	16.718.568	27.715.912	29.817.816	19.965.461	17.186.754
EBITDA	-2.889.533	-1.362.596	137.554	1.813.510	1.907.664	873.994	-460.813
EBT	-6.835.892	-4.748.837	-1.145.862	83.122	276.921	-441.719	-2.773.904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31/03/2016
PRODUCTION VALUE
EBITDA
EBT

Finally, in order to make a comparison on an annual basis from April to March for the last three years, following is the trend of the reclassified income statement.

	FY 2015 01.04.2015 31.03.2016	%	FY 2014 01.04.2014 31.03.2015	%	FY 2013 01.04.2013 31.03.2014 (12 Months)	%
PRODUCTION VALUE	**17.186.754**	**100,0%**	**19.965.461**	**100,0%**	**22.807.360**	**100,0%**
- Cost of goods sold	6.008.674	35,0%	7.298.797	36,6%	9.181.980	40,3%
- General expenses	8.826.498	51,4%	9.071.998	45,4%	9.340.555	41,0%
VALUE ADDED	**2.351.581**	**13,7%**	**3.594.665**	**18,0%**	**4.284.825**	**18,8%**
- Personnel cost	2.812.394	16,4%	2.720.672	13,6%	2.724.672	11,9%
EBITDA	**-460.813**	**-2,7%**	**873.994**	**4,4%**	**1.560.153**	**6,8%**
- Amortization & Depreciation	1.711.063	10,0%	696.218	3,5%	691.930	3,0%
GROSS OPERATING MARGIN	**-2.171.876**	**-12,6%**	**177.776**	**0,9%**	**868.223**	**3,8%**
- Miscellaneous expenses	542.000	3,2%	527.291	2,6%	628.023	2,8%
MARGIN BEFORE INTERESTS	**-2.713.876**	**-15,8%**	**-349.516**	**-1,8%**	**240.200**	**1,1%**
- Financial income	1.611	0,0%	2.757	0,0%	568	0,0%
+/- Forex adjustments	16.233	0,1%	-32.520	-0,2%	8.299	0,0%
NET OPERATING MARGIN	**-2.696.032**	**-15,7%**	**-379.278**	**-1,9%**	**249.067**	**1,1%**
- Financial charges	-77.872	-0,5%	-103.977	-0,5%	-103.236	-0,5%
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS	**-2.773.904**	**-16,1%**	**-483.255**	**-2,4%**	**145.831**	**0,6%**
+/- Extraord. Income and charges	-	0,0%	84.367	0,4%	79.103	0,3%
PROFIT/(LOSS) BEFORE TAX	**-2.773.904**	**-16,1%**	**-398.888**	**-2,0%**	**224.935**	**1,0%**
- Income Taxes	59.735	0,3%	-4.070	0,0%	-115.914	-0,5%
NET PROFIT/(LOSS)	**-2.714.170**	**-15,8%**	**-402.958**	**-2,0%**	**109.021**	**0,5%**

As shown, profit indicators are deteriorated, mainly in consideration of the reduced value of the productions for the reasons already explained.

The expectations for the fiscal year 1.4.2016 – 31.3.2017 are positive, considering:

- the growth of the market of generic products;
- the turnover increase in the retail channel;
- the penetration of the hospital market in which, for both products and know how the Sun Pharma group mainly operates;
- the further improvement in the control and rationalization of expenses

Balance Sheet

To better understand the company assets and the financial situation, the chart below shows the Balance Sheet reclassification.

Assets

Item	FY 2015 01.04.2015 31.03.2016	%	FY 2014 01.04.2014 31.03.2015	%	*Variation 2015-2014*	%	FY 2013 (15 months) 01.01.2013 31.03.2014	%
WORKING CAPITAL	**11.253.714**	***98%***	**11.990.115**	***87%***	**736.402**	***31%***	**12.274.205**	***84%***
Cash & Bank Balances	**170.384**	***1%***	**352.251**	***3%***	**181.867**	***8%***	**708.228**	***5%***
Cash & Bank Balances	170.384	*1%*	352.251	*3%*	181.867	*8%*	708.228	*5%*
Current Assets	**8.833.319**	***77%***	**8.920.838**	***64%***	**87.519**	***4%***	**8.576.993**	***59%***
Sundry Debtors	7.758.498	*68%*	7.876.000	*57%*	117.501	*5%*	7.592.961	*52%*
Deferred Tax Assets	1.045.880	*9%*	986.145	*7%*	-59.735	*-3%*	935.210	*6%*
Accrued Income and Prepaid Expenses	28.941	*0%*	58.693	*0%*	29.752	*1%*	48.822	*0%*
Inventory	**2.250.011**	***20%***	**2.717.027**	***20%***	**467.016**	***20%***	**2.988.984**	***20%***
FIXED ASSETS	**205.415**	***2%***	**1.846.904**	***13%***	**1.641.489**	***69%***	**2.322.662**	***16%***
Intangible Fixed Assets	175.050	*2%*	1.806.606	*13%*	1.631.556	*69%*	2.266.878	*16%*
Tangible Fixed Assets	30.364	*0%*	40.298	*0%*	9.933	*0%*	55.784	*0%*
TOTALE ASSETS	**11.459.128**	***100%***	**13.837.019**	***100%***	**2.377.891**	***100%***	**14.596.867**	***100%***

Liabilities

Item	FY 2015 01.04.2015 31.03.2016	%	FY 2014 01.04.2014 31.03.2015	%	*Variation 2015-2014*	%	FY 2013 (15 months) 01.01.2013 31.03.2014	%
THIRD PARTIES CAPITAL	**10.623.298**	***93%***	**13.807.741**	***100%***	**3.184.443**	***134%***	**14.128.020**	***97%***
Current Liabilities	**6.691.211**	***58%***	**6.428.314**	***46%***	**-262.897**	***-11%***	**6.784.990**	***46%***
Short-term payables (Debts)	6.147.829	*54%*	5.975.536	*43%*	-172.293	*-7%*	6.235.419	*43%*
Accrued Expenses and Deferred Income	543.382	*5%*	452.777	*3%*	-90.604	*-4%*	549.571	*4%*
Loans Funds & Provisions	**3.932.087**	***34%***	**7.379.427**	***53%***	**3.447.340**	***145%***	**7.343.031**	***50%***
Medium Term I/C Loan	3.460.910	*30%*	6.903.595	*50%*	3.442.685	*145%*	6.862.112	*47%*
Provisions	89.885	*1%*	93.413	*1%*	3.528	*0%*	108.772	*1%*
Provision for Retirement Benefit	381.291	*3%*	382.419	*3%*	1.128	*0%*	372.146	*3%*
NET EQUITY	**835.830**	***7%***	**29.278**	***0%***	**-806.552**	***-34%***	**468.847**	***3%***
Share Capital	50.000	*0%*	200.000	*1%*	150.000	*6%*	200.000	*1%*
Reserves	3.500.000	*31%*	8.263	*0%*	-3.491.738	*-147%*	1.448	*0%*
Retained Earnings	-	*0%*	260.585	*2%*	260.585	*11%*	131.107	*1%*
Profit (loss) for the period	-2.714.170	*-24%*	-439.569	*-3%*	2.274.601	*96%*	136.292	*1%*
TOTAL SOURCES	**11.459.128**	***100%***	**13.837.019**	***100%***	**2.377.891**	***100%***	**14.596.867**	***100%***

Information ex art 2428 C.C.

Here below the information required by the provisions of art. 2428 of the Civil Code are analysed in detail.

Main risks and uncertainties for the company

According to the first paragraph of art. 2428 of the Civil Code, it was not considered necessary to provide further information on this subject as, given the size of the company, the memo accounts and the information specified in the supplementary notes, are already properly expressed on any risk and uncertainty related with the corporate business.

Non-financial main ratios

According to the second paragraph of art. 2428 of the Civil Code, for a better understanding of the company current position, of the business trend and result, indicating the non-financial ratios was considered irrelevant.

Environment information

The company has not proceeded with any particular environmental policy, as unnecessary to its business.

Personnel information

The Personnel at March 31, 2016 is composed of 31 units (2 of which are fixed-term contracts) and is significantly decreased compared to the previous year as a result of:

- The new functional organizational model introduced;
- The restructuring carry out in consideration of the decrease in the company's turnover;

1. R&D activity

According to and setting forth on point 1) of the third paragraph of art. 2428 from Civil Code, no R&D activity was performed during this financial year.

2. Relationships with subsidiaries, associated and parent companies

According to the provisions on point 2) of the third paragraph of art. 2428 from Civil Code the company holds no interests. Ranbaxy Italia has a sole shareholder of 100%, Ranbaxy NBV, which is a subsidiary of Sun Pharmaceutical Industries Ltd .

During the year commercial relationships and financial transactions were entertained with certain companies of the Group.

In particular it has to be noted that, after waive by the shareholder during the financial year of its financial credits, to cover prior losses and to support the recapitalization and the set up of an equity reserve, the loan was reduced from € 6.800.000 (at 31.03.2015) to the amount of € 3.279.278.

The transactions with subsidiaries, associated and parent companies, which did not include any atypical and / or unusual, were governed by normal market conditions.

3. Own shares

According to art. 2428, paragraphs 3 nn. 3 and 4 from the Civil Code, the company has no own shares.

4. Shares/interests of parent company

According to art. 2428, paragraphs 3 nn. 3 and 4 from the Civil Cod, the company holds no interests of parent company.

5. Relevant events occurred after the financial year-end

It has to be reported that, by resolution of 28 April 2016, the Ranbaxy Italy SpA Board of Directors approved the operation of acquisition of the company Sun Pharmaceuticals Italy srl, a company that is also active in the pharmaceutical sector, and interested in the sale of his company, represented by assets, contracts (including those with personnel) and liabilities assumed at the date of the agreement.

Sun Pharmaceuticals Italy srl acts, since its establishment in 2008, in the market for generic pharmaceutical products, by distributing only to the hospital channel, mainly represented by public hospitals (about 90% of the total) and private hospitals and nursing homes (the other 10%).
The transaction will allow Ranbaxy to acquire a new hospital business unit (and its products, customers, and process know how) that will be complementary to the retail business unit, and enabling the development of significant synergies, as well as to assert a more complete market presence.

The Board of Directors decision was formalized through and Act of the Notary Gabriella Quatraro dated 6th May 2016 (Repertorio n. 7179, Raccolta n. 3008)

6. Business forecast

Pursuant to and for the purposes of the provisions on point 6) of the third paragraph of art. 2428 from the Civil Code, it has to be pointed out that the company has prepared a budget which foresees the realization of a positive result for the year ending at 31 March 2017
This, also in consideration of the above mentioned purchase of the company, will allow to achieve higher revenues and to implement synergies and cost efficiencies.

6. bis Use of relevant financial tools for assessment of financial position and results

The company makes no use of financial tools to manage its exposure to market price risks, credit risks, cash risks and other risks arising from swing of cash flows.

Company locations

Address	Place
Viale G. Richard, 1	Milano

It is pointed out that the legal address of the company is in Milan, Piazza Meda, 3, while in Viale Richard it is located the operative office.

* * *

Dear Shareholder,

in the light of the considerations in the preceding paragraphs and in the Notes, we invite you to:

- Approve the financial statements for the year ended at 31st March 2016 together with the Supplementary Notes and this Management Report, and to carry forward the loss of € 2.714.170

Milan, 27 Maggio 2016

Ranbaxy Italia S.p.a.
For the Board of Directors
The President
(Neeraj Sharma)

RANBAXY ITALIA SpA

Head office: PIAZZA FILIPPO MEDA 3 MILANO MI
Fiscal Code: 04974910962 – REA Number: MI 1787791
Vat Code: 04974910962
Share Capital: Euro 50,000 fully paid
Legal Form: SOCIETA' PER AZIONI
Sector of main activity (ATECO): 464610
Società in liquidation: no
Sole shareholder company: yes
Company subject to management and coordination of others: yes
Company exercising the management and coordination activity : Sun Pharmaceuticals Industries Limited
Group membership: yes

Financial statements at 31/03/2016

Amounts are shown in Euro

Balance Sheet

	31/03/2016	31/03/2015
Assets		
B Fixed Assets		
I – Intangible Assets	-	-
3) Industrial patent rights and others	29.026	9.634
4) Concessions, licenses, trademarks and similar rights	134.707	400.371
5) Goodwill	-	1.382.105
7) Other intangible assets	11.317	14.496
Total intangible assets	*175.050*	*1.806.606*
II – Tangible Assets	-	-
2) Equipment and machinery	639	841
4) Other tangible assets	29.726	39.457
Total tangible assets	*30.364*	*40.298*
Total fixed assets (B)	*205.414*	*1.846.904*
C) Current Assets		
I – Inventory	-	-

	31/03/2016	31/03/2015
1) Raw materials and consumables	-	222.908
4) Finished goods and goods for resale	2.250.011	2.494.119
Total inventory	*2.250.011*	*2.717.027*
II – Receivables	-	-
1) Trade receivables	7.258.249	7.664.400
Trade receivables within 12 months	7.258.249	7.664.400
Trade receivables beyond 12 months	-	-
4-bis) Tax credits	287.625	170
Tax credits within 12 months	287.625	170
Tax credits beyond 12 months	-	-
4-ter) Advanced taxes	1.045.881	986.145
Advanced taxes within 12 months	1.045.881	986.145
Advanced taxes beyond 12 months	-	-
5) Other receivables from thirs parties	212.624	211.430
Other receivables within 12 months	212.624	211.430
Other receivables beyond 12 months	-	-
Total receivables	*8.804.378*	*8.862.145*
IV – Cash and Banks	-	-
1) Bank and postal deposits	168.465	351.359
3) Cash	1.919	892
Total cash and banks	*170.384*	*352.251*
Total current assets (C)	*11.224.773*	*11.931.423*
D) Deferrals and Accruls – Assets		
Prepayment and deferred expenditures	28.941	58.693
Total deferrals and accruals (D)	*28.941*	*58.693*
Total Assets	**11.459.128**	*13.837.020*
Liabilities		
A) Shareholders’ Equity	**835.832**	**29.280**
I – Share Capital	50.000	200.000
IV - Legal Reserve	-	8.263
VII – Other Reserves, separately shown	-	-
Miscellaneous other reserves	3.500.000	1
Total other reserves	*3.500.000*	*1*
VIII – Profits and Losses brought forward	-	260.585

	31/03/2016	31/03/2015
IX – Profit (loss) for the period		-
Profit (loss) for the period	2.714.168-	439.569-
Profit (loss) residual	*2.714.168-*	*439.569-*
Total shareholders’ equity	835.832	29.280
B) Contingency Reserves		
1) Reserve for pensions and similar obligations	87.113	90.641
2) Deferred taxes	2.772	2.772
Total contingency reserves	*89.885*	*93.413*
C) Staff Leave Indemnity	**381.291**	**382.419**
D) Payables		
3) Debts towards members for financing	3.460.910	6.903.595
Payable within 12 months	-	-
Payable beyond 12 months	3.460.910	6.903.595
7) Trade payables	3.093.019	3.026.268
Payable within 12 months	3.093.019	3.026.268
Payable beyond 12 months	-	-
11) Payables to Parent companies	2.707.165	2.522.300
Payable within 12 months	2.707.165	2.522.300
Payable beyond 12 months	-	-
12) Taxes payables	44.828	12.539
Payable within 12 months	44.828	12.539
Payable beyond 12 months	-	-
13) Social securities payables	126.022	194.251
Payable within 12 months	126.022	194.251
Payable beyond 12 months	-	-
14) Other payable	176.796	220.178
Payable within 12 months	176.796	220.178
Payable beyond 12 months	-	-
Total Payables	*9.608.739*	*12.879.131*
E) Deferrals and Accruals – Liabilities		
Accruals and deferred income	543.382	452,777
Total accruals and deferred income	*543.382*	*452.777*
Total Liabilities	*11.459.128*	*13.837.020*

Profit and loss account

	31/03/2016	31/03/2015
A) Production value		
1) Net sales from products and services	17.185.374	20.020.625
2) Variation of inventory products	244.108-	271.958-
5) Other operating income	-	-
Others	245.488	216.794
Total other operating income	*245.488*	*216.794*
Total production value	*17.186.754*	*19.965.461*
B) Production costs		
6) Costs of raw materials, auxiliary materials, merchandise and other goods	6.008.674	7.298.797
7) Costs of services	8.389.241	8.585.229
8) Costs for use of thirs parties assets	437.257	486.769
9) Labour costs	-	-
a) Salaries and wages	1.976.875	1.924.899
b) Costs of social security	555.486	587.276
c) Staff leave indemnity	133.015	148.305
e) Other labour costs	147.018	60.192
Total labour costs	*2.812.394*	*2.720.672*
10) Depreciation and write downs	-	-
a) Depreciation of intangible assets	370.288	466.772
b) Depreciation of tangible fixed asstes	17.240	18.189
b) Other Depreciations of fixed asstes	1.253.535	18.189
d) Current assets written off	70.000	254.088
Total depreciation and write downs	*1.711.063*	*739.049*
14) Other operating expenses	542.001	527.291
Total production costs	*19.900.630*	*20.357.807*
Net Income form operating activities (A - B)	**2.713.876-**	**392.346-**
C) Financial Income and Expenses		
16) Other financial Income	-	-
d) Other financial Income	-	-
Other	1.611	2.757
Total other financial income	*1.611*	*2.757*
Total other financial income	*1.611*	*2.757*

	31/03/2016	31/03/2015
17) Interests payable and other financial expenses	-	-
Other	77.872	103.977
Total Interests payable and other financial expenses	*77.872*	*103.977*
17-bis) Profit and loss on exchange	16.233	32.520-
Net financial income and expenses (15+16-17+-17-bis)	*60.028-*	*133.740-*
E) Extraordinary Income and Expenses		
20) Extraordinary Income	-	-
Other	-	84.367
Total Extraordinary Income	*-*	*84.367*
Total Extraordinary Income and Expenses (20-21)	*-*	*84.367*
Risult before taxes (A-B+-C+-D+-E)	**2.773.904-**	**441.719-**
22) Curred, deferred and advanced income taxes for the period		
Current Income taxes	-	48.785
Advanced Income taxes	59.734	50.935
Total Income taxes, current, deferred and advanced	*59.734-*	*2.150-*
23) Profit (loss) for the year	**2.714.170-**	**439.569-**

Supplementary Notes to Financials Statements closed at 31/03/2015

Supplementary Notes Initial session

Dear Shareholders, these supplementary Notes are an integral part of the financial statements at 31/03/2016.

The Report complies with the provisions of Articles 2423 and following of the Civil Code, interpreted and integrated by the accounting principles issued by the Italian Accounting Institution (hereinafter OIC).

The accounting OIC have been recently reviewed and updatd and the changes introduced are effective for statements closed 31 December 2014 on. These statements have been prepared taking into consideration such changes.

The implementation of new OIC accounting principles didn’t require changes with respect to the evaluation criteria and classification used by the Company in preparing the financials statements of previous year.

The content of the balance sheet and income statement is provided for in Articles 2424 and 2425 of the Civil Code.

These notes, prepared pursuant to art. 2427 of the Civil Code, also contain all relevant information to provide a correct interpretation of the financial statements.

Drafting Information

Financial Statements Drafting

The information contained herein are presented in the order in which the related items are reported in the balance sheet and income statement.
With reference to what is stated in the introduction to these notes, we declare that, pursuant to art. 2423, paragraph 3 of the Civil Code, if the information required by specific provisions of the law are not sufficient to give a true and fair view of the company, information deemed necessary for the purpose are provided.
There were no exceptional circumstances that required the use of derogations under Article. 2423, paragraph 4 and article. 2423 paragraph 2 Civil Code.
The Financial Statements, as well as these notes, have been prepared in Euros in accordance with the Civil Code.

Financial Statements Drafting principles

The evaluation of balance sheet items was made in accordance with the principle of prudence and with a view to the going-concern of the company. In accordance with national accounting standards and the Community arrangements, in posting the assets and liabilities the substantial aspects were given priority with with respect to the formal ones.
In preparing the financial statements income and expense were recorded on an accrual basis, regardless from their actual cash flow.

Business Continuity

At 31 March 2015 the Company has recorded a loss of € 2.714.170.

Several changes applied to the Net Equity during the year in order to cover the previous loss and build up reserves capable of covering any potential future loss.

In particular, with the minutes of the Shareholders' meeting held on May 29, 2015, it was decided to use the reserves of retained earnings and part of the capital to cover past losses.

The Company has obtained a "comfort letter" with which it is irrevocably confirmed the financial support of the parent company aimed at maintaining the going concern of the Company.

It was also approved a waiver by the shareholder of a share of loan, useful to bring the capital to the minimum limit established by law (equal to € 50.000).

Subsequently, with the minutes of the Board meeting held on October 29, 2015, it was deliberated a further waiver of the shareholder for € 3,5 million on the loan in place, in order to allocate this amount to the reserve for covering any potential future loss.

Structure and contents of Financial Statements

The Balance Sheet, the Income Statement and the accounting information contained in these notes are in accordance with the accounting records, from which they have been directly derived.

In drafting the balance sheet and income statement, no items preceded by Arabic numbers or by lower-case letters have been grouped together, as optionally provided by art. 2423 ter of the Civil Code.

Under Article. 2423 ter of the Civil Code, it should be noted that all items were comparable with the previous year; there was therefore no need to adjust any of the previous item.

Under Article. 2424 of the Civil Code it is confirmed that there are no assets or liabilities that fall under several items of the draft Financial Statements.

Evaluation Criteria

The criteria applied to evaluate the items posted and the value adjustmens comply with the provisions of the Civil Code and the guidance provided in the accounting standards issued by OIC. The same also did not vary compared to the previous year.
Please note that the previous year was made up of 15 months (in fact, as defined in the extraordinary shareholders' meeting of December 9, 2013, the year 2013 has been extended until 31/03/2014); consequently the income statement at 31/03/2105 is not exactly comparable with the previous year.
Here are the most significant accounting policies adopted in compliance with the provisions of the Civil Code at art.2426, and with particular reference to those items for which the legislator admits several criteria for evaluation and correction or for which no specific criteria are set.

Other Information

Translation criteria for values expressed in foreign currency

The accounting amounts expressed in foreign currencies have been posted, after conversion into euros at the rate of exchange ruling at the time of recognition, or the exchange rate at the close of the financial year as shown in the accounting standard OIC 26.
The assets and liabilities that are not fixed assets are stated at the exchange rate at the date of the closing of balance sheet date. Gains and losses which are derived from the conversion have been credited and debited to the income statement under 17 bis profits and losses. They mainly relate to ordinary operations intracompany.
There are no intangible assets to the balance sheet date.
Between the end of the year and the date of preparation of financial statements there were no significant effects of changes in exchange rates.

Operations with compulsory relegation to end

The company during the year has not placed any operation under an obligation to relegation to the end.

Supplementary Notes - Assets

The amounts recorded in the balance sheet were evaluated in accordance with Article 2426 of the Civil Code and in accordance with national accounting standards; in the sections relatied to the individual items the specific criteria applied are shown.

Fixed Assets

Fixed assets are recorded at purchase cost and / or production cost.
As for the cost of production, these only include overheads to a reasonable allocation to each asset, relating to the period of production and up to the time at which the asset could be objectively used.
Pursuant to and for the purposes of article 10 of the law March 19, 1983, and No. 72, and ase recalled by the subsequent revaluation laws, it should be noted that for the tangible and intangible assets that still exist any currency appreciation has never been performed.

Intangible fixed assets

Intangible assets are recorded in the balance sheet, upon the prior consent of the Statutory Board of Auditors where required, at their cost of acquisition and / or production, and they are depreciated on a straight-line basis according to their useful life.

The value of fixed assets is shown net of accumulated amortization and depreciation funds.

Depreciation was operated in accordance with the following pre-established scheme, which is thought to properly allocate the cost incurred over the useful life of such assets:

Intangible fixed assets items	**Period**
Start-up and expansion costs	{20,00}%
Concessions, licenses and trademarks (software)	{33,33}%
Concessions, licenses and trademarks (marketing authorisations, “AIC”)	{20,00}%
Concessions, licenses and trademarks (trademarks)	{5,56}%
Goodwill	{5,00}%
Other fixed assets (improvement of third parties’ assets)	

	{16,67}% Based on duration of rental agreement

The criteria for the amortization of intangible assets were unchanged from the previous year.

Movements of intangible fixed assets

Intangible assets amount to € 175.050: they relate primarily to goodwill and licenses (Marketing Authorizations) acquired from third parties outside the group.
During 2015/2016 we have proceeded to the prudential write off of the net book value of the Goodwill for an amount of € 1.382.105, decided as a consequence of actual results lower than initially expected regarding the range of products that were included in the acquisition which generated the goodwill.

The total impact on the income statement at 31/03/2015 of depreciation of intangible assets and write-downs amounted to € 1.623.823.

For a complete evaluation and analysis on movements of such assets, please refer to the information detailed in the annexes to these notes.

Movements of Intangible Assets

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
Start-up costs								
	Corporate Expenses	8.467	-		-	-	-	8.467
	Provision for Depreciation of corporate Expenses	-	8.467-		-	-	-	8.467-
R&D and advertising Costs								
	Advertising Costs	**40.109**			**-**	**-**	**-**	**40.109**
	Provision for depreciation of advertising costs	-	40.109-		-	-	-	40.109-
Patents and copyrights								
	Capitalized	**110.087**			**28.541**			**138.628**

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
	own software							
	Provision for capitalized own software	-	100.453-		-	-	9.149-	109.602-
Concessions, licences, trademarks and similar rights and assets								
	Marketing Authorisation develop.	**61.966**	**-**	**60.574-**		**-**	**-**	**1.392**
	Marketing Authorisation acquired	**3.803.709**		**60.574**	**197.607-**			**3.666.676**
	Concessions and licences	**2.599**						**2.599**
	Provision fof Marketing Authorisation acquired	-	3.466.997-	-	159.683		227.595-	3.534.908-
	Provision for Concessions and licences	-	907-		-	-	145-	1.052-
Goodwill								
	Goodwill	**3.560.410**			**-**	**3.560.410-**		**-**
	Provision for depreciation of goodwill	-	2.178.305-		-	2.178.305-		-
Other intangible Assets								
	Depreciated maintenance expenses	**40.318**			**1.650**			**41.968**
	Provision for Depreciated maintenance expenses	-	25.822-		-	-	4.828-	30.651-

Goodwill

As previously mentioned, the goodwill acquired against payment and entered among the assets in the Balance sheet with the consent of the Statutory Board of Auditors, from 2008 was amortized over a period of 20 years, then beyond the five-year limit prescribed by 'art. 2426, paragraph 1, n. 6 of the Civil Code, taking into account its useful life which can be estimate to cover many years as reflected in the business plans prepared by management.

As described above, during the year it was proceeded to the impairment of goodwill, to the extent equal to its residual value.

Other intangible assets

They refer to leasehold improvements relating to new offices in Milan, Via Giulio Richard.

Tangible Assets

The assets belonging to the category of tangible assets are recorde at cost of acquisition and / or production, increased by accessories costs incurred to bring the asset to use. The production cost corresponds to the set of all manufacturing costs incurred until the assets became operative either direct or common manufacturing costs.

The criteria for the depreciation of fixed assets have not changed with respect to those applied the previous year.

It should be noted that it was not necessary to operate any write-downs under art. 2426, paragraph 1 no. 3 of the Civil Code.

Movements of tangible fixed assets

Introduction

Tangible assets before accumulated depreciation amounted to € 199.909; the accumulated depreciation is equal to € 169.545.

The table below shows the movements of such assets.

Movements of Tangible Assets

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
Plant and machinery								
	Other plants and machinery	**2.700**				**-**		**2.700**
	Provision for depreciation of plants and machinery		1.859-	-	-		202-	2.061-
Other tangible assets								
	Furniture and fitting	**57.889**						**57.889**
	Electronic office machinery	**125.177**			**5.675**			**130.852**

Mobile telephone services	**8.469**					**8.469**
Provision for depreciation of furniture and fitting		52.629-		-	3.371-	56.000-
Provision for depreciation of electronic Office machinery		90.980-	1.632	-	13.666-	103.014-
Provision for depreciation of mobile telephone services		8.469-		-		8.469-

Operations of finance lease

Information on operations of finance lease

The company, at the date of year end closure, has no on-going finance lease contract.

Current Assets

Current assets are valued in accordance with the numbers 8 to 11 of Article 2426 of the Civil Code. The criteria used are listed in the paragraphs of the respective items.

Stock

Stocks include finished goods. These have been posted at the lowest value between the purchase and the fair value as it can be inferred from market trends.

The purchase cost includes the possible additional direct charges.

The cost of inventories of finished products, of a fungible nature, was calculated by taking the weighted average cost method, in order to reflect the trend in market prices, considering the stock costs more recent.

The value so calculated has been duly compared with the fair value that can be inferred from the market trend, as explicitly required by art. 2426 of the Civil Code.

The write-down of obsolete and slow moving items is carried out, in accordance with accounting standard OIC 13 creating depreciation funds. The depreciation provision is deducted from assets.

Analysis of stock movements

	Initial Value	Change in figures	Final value
Raw and subsidiary materials	222.908	222.908-	-
Finished products and *Write-downs of finished products*	2.494.119	244.108-	2.250.011
	2.717.027	*467.016-*	*2.250.011*

The finished products are stated net of provision for depreciation, which had during the year following movements:

Description	Total
Balance at 31/03/2015	480.644
Use during the year	-234.942
Provision for the year	84.063
Balance at 31/03/2016	**329.765**

Current asset: Receivables

Receivables are stated at estimated realizable value, in accordance with Art. 2426, n. 8 of Civil Code; the adjustment to this value was made by allocation of a provision for bad debts whose amount and whose movements are detailed in section 4 of these notes.

Movements of receivables posted in current assets

The following table shows the information related to movements of receivables posted in current assets and, if material, the due date of the same.

Anaysis of movements and due date of receivables posted in current assets

	Initial Value	Change in figures	Final value
Trade Receivables	7.664.400	406.151-	7.258.249
Tax credit	170	287.456	287.625
Advance income taxes	986.145	59.736	1.045.881

	Initial Value	Change in figures	Final value
Accounts receivable from other undertakings	211.430	1.194	212.624
	8.862.145	**57.767-**	**8.804.378**

The decrease in current assets is primarily due to the decrease in trade receivables, related to both a decrease in the sales, but also to a significant improvement in the DSO.
Credits are shown net of net of allowance for doubtful accounts, which movements have shown in below table, and which value has been adjusted to represent the conservative coverage of risks of insolvency.

Descrizione		Totale
Balance at	31/03/2015	448.610
Use during the year		-10.479
Provision for the year		70.000
Balance at	**31/03/2016**	**508.131**

Trade receivables are stated net of a provision for "credit notes to be issued" the value of which, amounting to approximately € 350.000, is largely unchanged from the previous year, and teflecting the risk for returns aligned to the company turn over and aslo to the historical trend.

Other receivables mainly include a pledge accounts for tenders for € 135.000 and advances to suppliers for € 33.000.

There are no receivables due after more than five years.

Deferred tax assets

Deferred tax assets result being posted among tax credits for an amount of 1.045.881 that is expected will be used during next years on taxable income in cosideraton of the budget for the year 2016/17 and multiyear business plan.

For the relevant details, please refer to the paragraph on deferred taxation in these Supplementary Notes.

Breakdown by geographical area of receivables included in current assets

Breakdown by geographical area of receivables is not provided since not significant.

Current assets: cash and banks

Movements of cash and banks

Cash and banks are posted at their nominal value.

Analysis of movements of cash and banks

	Initial value	Change in figures	Final value
Current bank accounts and post-office deposits	351.359	182.894-	168.465
Cash and cash equivalents	892	1.027	1.919
	352.251	*181.867-*	*170.384*

Effects of exchange rates variances

Description	Initial value	value at the date of preparation of financial statements	Change in figures
US Dollars cash	605	571	-34
GBP Pounds cash	98	171	73
Euro Dollars cash	189	1.177	988
	892	**1.919**	**1.027**

Evolution of cash and banks is described in cash flow statement.

Prepayments and accrued income

Prepayments and accrued income have been posted in the Financial statements on an accrual basis, through repartition of costs and revenues across two fiscal years.

Analysis of movements of prepayments and accrued income

	Beginning balance	Change in figures	Closing Balance
Other accrued expenses	58.693	29.752-	28.941
Total prepayments and accrued income	**58.693**	**29.752-**	**28.941**

Capitalised financial charges

All interest and financial charges were entirely posted in the Income Statement during the FY. Therefore, no capitalised financial charges are posted pursuant to art. 2427, par. 1, n. 8 of the Italian Civil Code.

Supplementary Notes – Liabilities and Net Equity

The items of the balance sheet liabilities were recorded in accordance with national accounting standards, the specific criteria applied are shown in the sections relating to the individual items.

Net Equity

Items are recorded at their carrying amount in accordance with the instructions contained in the accounting standard OIC 28.

Movements of components of net equity

With reference to the closure changes in the individual components of shareholders' equity are shown in the tables below, as well as the breakdown of other reserves, if any in the Statements.

Analysis of changes of components of net equity

	Beginning balance	Allocation	Others change in figures - increases	Others change in figures - decreases	results for the year	Closing balance
Share capital	200.000	170.722-	20.722	-	-	50.000
Legal Reserve	8.263	8.263-			-	-
Other Reserves	1	-	3.500.000	1-	-	3.500.000

	Beginning balance	Allocation	Others change in figures - increases	Others change in figures - decreases	results for the year	Closing balance
Total Other Reserves	1	-	-	1-	-	3.500.000
Income (losses) carried forward	260.585	-		260.585	-	-
Profit of the FY	439.569-	439.569	-	-	2.714.168-	2.714.168-
Total net equity	200.000	170.722-	20.722	-	-	50.000

As indicated in the introduction section, being your company, at the close of the previous year, in the cases provided for in Articles 2446 and 2447 of the Civil Code, and considering the Shareholders' Meeting held on May 29, 2015, following operations were approved:

- Coverage of the losses by full utilization of reserves for € 268.849;
- The reduction of share capital by € 170.720 to cover the remaining losses, thus resulting to a value below the statutory minimum (€ 50.000);
- The recapitalization through the waiver by the shareholder of the financial debt to replenish capital to € 50.000.

During the year the shareholder proceeded to the waiver of further € 3.5 million that were used to build up an equity reserve.

Following the changes described above, the Net Equity at the end of the year amounted to € 835.832.

Movements of Net Equity

Descriprion	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
Value at 31/12/10	**200.000**			**3.028.908**	**-4.748.837**	**-1.519.929**
Allocation result 2010				**-4.748.837**	**4.748.837**	**0**
- **Dividend payments**						
- Other destinations						
Change in figures				**3.000.000**		**3.000.000**

Result for the year					**-1.176.466**	**-1.176.466**
Value at 31/12/11	**200.000**			**1.280.071**	**-1.176.466**	**303.605**

Descriprion	**Share capital**	**Legal Reserve**	**Income (losses) carried forward**	**Other Reserves**	**Result for the year**	**Total**
Allocation result 2011				**-1.176.466**	**1.176.466**	**0**
- **Dividend payments**						
- Other destinations						
Other change in figures						
Result for the year					**28.950**	**28.950**
Value at 31/12/12	**200.000**			**103.605**	**28.950**	**332.555**

Descriprion	**Share capital**	**Legal Reserve**	**Income (losses) carried forward**	**Other Reserves**	**Result for the year**	**Total**
Allocation result 2012		**1.448**		**27.502**	**-28.950**	**0**
- **Dividend payments**						
- Other destinations						
Other change in figures						
Result for the year					**136.292**	**136.292**
Value at 31/03/14	**200.000**	**1.448**		**131.107**	**136.292**	**468.847**

Descriprion	**Share capital**	**Legal Reserve**	**Income (losses) carried forward**	**Other Reserves**	**Result for the year**	**Total**
Value at 31/03/14	**200.000**	**1.448**		**131.107**	**136.292**	**468.847**
Allocation result 31/03/14		**6.815**		**129.477**	**-136.292**	**0**
- **Dividend payments**						
- Other destinations						

Other change in figures				**1**		**1**
Result for the year					**-439.569**	**-439.569**
Value at 31/03/15	**200.000**	**8.263**		**260.585**	**-439.569**	**29.279**

Descriprion	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
Value at 31/03/15	**200.000**	**8.263**		**260.585**	**439.569-**	**29.279**
Allocation result 31/03/15	**170.722-**	**8.263-**		**260.584-**	**439.569**	**-**
- **Dividend payments**						
- Other destinations	**20.722**			**1-**		**1-**
Other change in figures				**3.500.000**		**3.520.722**
Result for the year					**2.714.168-**	**2.714.168-**
Value at 31/03/16	**50.000**	**-**		**3.500.000**	**2.714.168-**	**835.832**

It has to be noted that all the subscribed shares have been fully paid.

Availability and use of net equity

In following tables net equity elements are analytically shown, indicating their origin, possibility of use and distribution, as well as their use in previous years.

Descriprion	Amount	Origin/type	Possibility of using
Share capital	50.000	Capital	
Legal Reserve	0	Capital	
Other Reserves	3.500.000	Capital	
Total Other Reserves	3.500.000	Capital	
Income (losses) carried forward	0	Capital	A;B;
Total	**3.550.000**		
Quote not distributable	**3.550.000**		
Residual distributable	**0**		

In the table above for each item the possibilities of use are provided as indicated below:

• A: for capital increase
• B: to cover losses
• C: for distribution to shareholders.

Provisions for liabilities and charges

Information on provisions for liabilities and charges

The balance of the provisions for risks is equal to € 87.113 and refers to FISC at March 31, 2016.
During the FY no certain or possible cost entries have been registered, whose total amount and occurrence date are unknown.

Deferred tax liabilities

The deferred tax liabilities are referred to temporary differences arisen in the previous FYs.
The provision for deferred taxes is equal to € 2.772.
Please refer to the deferred taxation paragraph of these Supplementary notes for details.

	Beginning balance	Increase	Decrease	Net Variations	Closing balance
Severance & retirement pension fund	90.641	20.000	23.528-	3.528-	87.113
Provision for deferred income taxes	2.772	-	-	-	2.772

Employees leaving indemnity

Information on employee leaving indemnity

Employees leaving indemnity has been calculated in accordance with art. 2120 of the Italian Civil Code, considering the provisions of the law, the distinctive features of contracts and professional categories and it comprises all the annual accruals and the revaluations calculated on the basis of the ISTAT (Central Statistics Institute) rates.

The amount of the provision is registered net of advance payments and accruals paid for the termination of employment during the FY and it represents the certain amounts due to subordinate employees at the closing date of the Financial Statements.

	Beginning balance	Increase	Decrease	Quotes to Funds	Net movements	Closing balance
Provision for subordinate employees' leaving indemnity	382.419	133.015	148.273-	14.130	1.128-	381.291

Payables

Payables are shown in the financial statements at their nominal value, eventually adjusted in case of subsequent variations.

Payable movements and due date

The following table shows the information related to changes in the payables and any information related to the expiration of the same.

This includes amounts owed to the shareholder Ranbaxy (Netherlands) BV for a loan of € 3.460.910 (including interest amounting to € 181.632), classified as due beyond one year.

All other debts are considered to be due within one year.

	Beginning balance	Increase/Decrease	Closing balance	Due within the Year	Due after
Amounts owed to shareholders for loans	6.903.595	3.442.685-	3.460.910		3.460.910
Trade creditors	3.026.268	66.753	3.093.021	3.093.021	
Amounts owed to subsidiaries	2.522.300	184.865	2.707.165	2.705.165	
Taxation	12.539	32.289	44.828	44.828	
Social security	194.251	68.229-	126.022	126.022	
Other debts	220.178	43.382-	176.796	176.796	
Total	**12.879.131**	**3.270.389-**	**9.608.742**	**6.147.832**	**3.460.910**

Payables to parent companies mainly refer to trade payables due to the indirect parent company Sun Pharma Ltd. for purchase of goods and services as more fully described in the paragraph relating to transactions with related parties.

The other debts relate to accruals for personnel costs deferred.

Breakdown of payables by geographic area

Breakdown by geographic area is not provided as information is not significant.

Debts secured by mortgages on company assets

Pursuant to and by effect of art. 2427, c. 1 n. 6 of the Civil Code, it is stated that there are no social debts secured by collateral.

Loans made by company shareholders

Here are the funds of the company shareholders with a separate indication of those with subordination clause over other creditors.

The company shows a shareholder loan of € 3.279.278 at 31/03/2016.

This is an interest bearing loan (at Libor rate for 6 months + a 0.125% spread), granted by the sole shareholder, RANBAXY NETHERLANDS B.V..

Interests accrued but not yet paid on the loan in question amounted to € 181.632 at 31/03/2016, compared to € 103.595 at 31/03/2015.

There are no payable due after more than five years.

Deferred income and accrued liabilities

Accruals and deferred income were calculated on an accrual basis, through repartition of costs e/o income commons two two fiscal years.

	Opening balance	Increase/Decrease	Closing balance
Accrued liabilities	452.777	90.605	543.382
Total accrued expenses and	**452.777**	**90.605**	**543.382**

	Opening balance	Increase/Decrease	Closing balance
deferred income			

Commitments not disclosed in the balance sheet and memorandum accounts

Under Article. 2427, paragraph I, point 22-b) of the Civil Code it is specified that during the period there was no agreement in place not resulting from the balance sheet.

Supplementary Notes – Profit & Loss

Revenues, income, costs and charges are recognized in accordance with Article 2425-bis of the Civil Code.

Production value

Introduction

Revenues from product sales and income from services were posted upon transfer of title which coincides, respectively, to the criterion of delivery or shipment of the goods and their yield. The Financial revenues were instead recognized on an accrual basis.

Revenues and income, costs and charges relating to currency transactions are calculated at the exchange rate on the date on which the relevant transaction is placed.

The value of production amounted to € 17.186.754; below it is shown a breakdown of revenues from sales, changes in inventories, other operating income and changes in absolute terms compared to the previous year.

Description	31/03/2015	change in figures	31/03/2016
Sales	20.020.625	2.835.251-	17.185.374
Changes in inventories of finished goods	271.958-	27.850	244.108-
Other operating income	216.794	28.694	245.488
Total	**19.965.461**	**2.778.707-**	**17.186.754**

The decrease compared to the previous year is mainly due to sales volume reduction due to lower B2B revenue and to lower sales in the wholesale channel.

"Other revenues and income" refers mainly to rebilling of distribution fee, re-invoicing of regulatory costs to the Group and to ordinary gains.

Breakdown of sales and service revenues by business segment

Breakdown of sales and service revenues by business segment is not provided as information is not significant.

Production costs

Costs and expenses are recognized on an accrual basis, while respecting the principle of correlation with the revenues, and recorded under the respective item in accordance with accounting principle OIC 12.

Costs for purchases of goods and services are recognized in the income statement net of adjustments for returns, discounts, allowances and rebates.

Production costs amounted to € 19.900.630; here is the breakdown and movements in absolute terms against previous year.

Description	31/03/2015	change in figures	31/03/2016
Raw materials, subsidiary materials, consumables and goods for resale	7.298.797	1.290.123-	6.008.674
Services	8.585.229	195.988-	8.389.241
Hire and leases	486.769	49.512-	437.257
Personnel costs	2.720.671	91.722	2.812.394
Depreciation and other amounts written off tangible and intangible fixed assets;	739.049	972.014	1.711.063
Other operating charges	527.292	14.709	542.001
Total	**20.357.807**	**457.178-**	**19.900.630**

Financial income and expenses

Financial income and expenses are posted on an accrual basis in relation to the amount accrued in the year.

Composition of income from investments

There are no income from investments as per art. 2425, n. 15 of the Civil Code.

Allocation of interests and other financial costs by type of debt

The following table gives evidence of the interests and other financial expenses as per art. 2425, n. 17 of the Civil Code, with specific split between those concerned bonds, bank debt and other cases.

	Other	Total
Interest and other financial charges	77.872	77.872

Gains/losses on foreign exchange

Below information about the gains or losses on exchange differences by distinguishing the component realized from valuations of assets and liabilities recorded in the balance sheet at year-end.

Description	Amount in statement	Evaluation component	Realized component
Foreign exchange gains and losses	*16.233*		
Exchange gains	40.382	39.650	732
Exchange losses	24.149-	18.211-	5.938-
Total	**16.233**	**21.439**	**5.206-**

Income taxes for the year, current and deferred

Income taxes for the year, current and deferred

The company booked the provision for income taxes based on the application of the tax laws in force. The taxes for the year are represented by current taxes, as well as resulting from the tax return, deferred tax and deferred tax assets relating to positive or negative income components, respectively subject to taxation or deduction in other years than those of recording.

Below, in detail, the information required by. 2427, paragraph 1, point 14, letter a) and b), namely:

a) a description of the temporary differences that led to the recognition of deferred tax assets and liabilities, with specific indication of the rate applied, the changes compared to the previous year and the amounts credited or debited to the income statement or in equity; please note that there are no items excluded from the calculation;

b) the amount of deferred tax assets recognized in the balance sheet relating to losses occurring during this FY and the past Fys and the reasons for recording.

Below is the breakdown of the temporary differences that generated the deferred taxes.

Deferred tax assets: IRES

Description	FY 2005	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013/2014	FY 31/03/15	FY 31/03/16	Total

Temporary deductible differences									
Bad debt provision						60.906	211.306	29.028	301.240
Stock write off provision						134.550	199.101	84.063	417.714
Sales returns provision					704.731	144.871	-287.494	44.711	606.819
Finance costs							73.435	76.261	149.616
Loss on exchange rate					51.046	-49.769	29.642	-12.708	18.211
Loss on credits							-10.479		-10.479
Tax losses	121.731	3.147.937							3.269.668
Total temporary differences	**121.731**	**3.147.937**			**755.777**	**290.559**	**225.990**	**210.875**	**4.752.870**
Deferred IRES tax assets 27.50%	**33.476**	**865.683**			**207.839**	**79.904**	**62.147**	**57.990**	**1.307.039**
Reversal	**33.476**	**251.349**							**284.825**
Total - Deferred IRES tax assets 27.50%	**0**	**614.333**	**0**	**0**	**207.839**	**79.904**	**62.147**	**57.990**	**1.022.214**

Deferred tax assets: IRAP

Description	FY 2005	FY 2009	FY 2011	FY 2012	FY 2013/2014	FY 31/03/15	FY 31/03/16	Total
Temporary deductible differences								
Bad debt provision								
Stock write off provision								
Sales returns provision				704.731	144.871	-287.494	44.711	606.819
Goodwill amortization								
Total temporary differences IRAP	**0**	**0**	**0**	**704.731**	**144.871**	**- 287.494**	**44.711**	**606.819**
Deferred IRAP tax assets 3,9%	**0**	**0**	**0**	**27.485**	**5.650**	**-11.212**	**1.744**	**23.667**
Reversal				**0**	**0**	**0**		**0**
Total - Deferred IRAP tax assets 3,9%	**0**	**0**	**0**	**27.485**	**5.650**	**-11.212**	**1.744**	**23.667**

Deferred tax assets for an amount of € 1.045.881 are:

- Allocated in respect of the tax losses made by the company in previous years
  The deferred tax relating to the year ended and previous years.

The accounting treatment of deferred taxes was made as set forth by Accounting Standard 25 of the Board of Certified Chartered Accountants and Registered Auditors as it is reasonably certain to achieve taxable income over the future FYs and that said losses can be indefinitely carried forward.

Reconciliation between actual tax liability and estimated tax liability

In compliance with the provisions of Accounting Standard n. 25 laid down by the National Association of Certified Chartered Accountants, we report here below the detail of the reconciliation between the statutory tax liability resulting from the Financial Statements and the estimated tax liability.

IRES

Descrption	Amounts	Defferal tax
Profit before tax	-2.773.904	
Tax (theoretical)	-762.824	
Permanent increase variances	1.926.011	
Temporary increase variances	483.086	
Total increase variances	2.409.097	
Permanent decrease variances	-69.230	-
Temporary decrease variances	-388.121	
Total decrease variances	-457.351	
Total variances	1.951.746	
Tax loss use	0	
Donations	0	

Taxable Income	**- 822.158**	
Current Tax IRES	**0**	
IRES deferred tax asset	**1.022.214**	

IRAP

Descrizione	**Importi**	**Imposte differite**
Difference between production value and production costs	**-2.713.876**	
Non deductible costs IRAP	4.135.929	
Taxable Income IRAP	**1.422.053**	
Theoretical Tax (rate 3,9%)	55.460	
Permanent increase variances	**13.433**	-
Temporary increase variances	**351.784**	-
Total increase variances	**365.217**	
Permanent decrease variances	**-69.230**	-
Temporary decrease variances	**-307.073**	
Total decrease variances	**-376.303**	
Total adjustments		
Taxable Income	**-1.004.026**	

IRAP current Tax	**0**	
IRAP deferred tax asset		**21.922**

Also we point out that:

- Deferred tax assets and liabilities were calculated on the basis of the average rates expected for the FY when temporary differences will be reversed;
- Deferred tax assets are recorded because it is reasonably certain that during the FY when the aforesaid temporary differences are reversed, the taxable income will not be lower than said losses;

Cash Flow Statement

In accordance with the recommendation made by the OIC here below it is reported the cash flow statement in the "indirect scheme" format as per provisions of accounting OIC 10.

	Amount at 31.03.16	Amount at 31.03.15
A. CASH FLOWS FROM OPERATING INCOME		
Result for the year	- 2.714.170	- 439.569
Income tax	- 59.735	- 2.150
Interest expense (interest income)	76.261	101.220
(Dividends)		
(Gains) losses on disposal of assets		-
1. Result for the year before income tax,interests,dividends and gain/losses on the sale	*- 2.697.644*	*- 340.499*
Adjustments for non-cash items without impact in net working capital	3.520.723	
Founds provisions	159.063	473.495
Depreciation of fixed assets	387.528	440.688
Devaluation of impairment losses	1.291.664	44.274
Other adjustments for non-cash items		
2. Cash flow before changes in net working capital	*2.661.334*	*617.958*
Change in net working capital		
Decrease (Increase) in inventories	382.954	72.856

	Amount at 31.03.16	Amount at 31.03.15
Decrease (Increase) in trade receivables	331.151	- 570.961
Increase (decrease) in trade payables	66.751	952.905
Decrease (Increase) in accrued income and prepaid expenses	29.752	- 9.871
Increase (decrease) in accrued expenses and deferred income	90.604	- 96.794
Other changes in net working capital	- 183.187	- 1.132.107
3. Cash flow after changes in net working capital	*3.379.438*	*- 166.013*
Other adjustments		
Interest received (paid)	-	- 62.362
(Income taxes paid)	-	- 115.937
Dividends received		
(Use of funds)	- 3.528	- 15.359
CASH FLOWS OPERATING INCOME(A)	***3.375.910***	***- 359.671***
B. CASH FLOWS GENERATED BY INVESTMENT ACTIVITY		
Tangible assets		
(Investments)	- 28.541	- 6.500
Sale price of divestments		
intangible assets		
(Investments)	- 9.162	- 2.703
Sale price of divestments		
Financial fixed assets		
(Investments)		
Sale price of divestments		
Financial assets other than fixed assets		
(Investments)		
Sale price of divestments		
Acquisition or disposal of subsidiaries or branches of businesses, net of cash		
FLOW OF FINANCIAL ASSETS INVESTMENT(B)	***- 37.703***	***- 9.203***
C. CASH FLOWS GENERATED BY FINANCING ACTIVITY		

	Amount at 31.03.16	Amount at 31.03.15
Third-party funding	- 1.128	10.273
Increase (decrease) in accounts payable to banks		
Turning funding	- 3.518.946	2.625
Repayment of loans		
Equity		
Capital increase in payment		
Sale (purchase) of treasury shares		
Dividends (and interim dividends) paid		
CASH FLOWS OF ACTIVITY OF FINANCING(C)	***- 3.520.074***	***12.898***
Net increase (decrease) in cash	***- 181.867***	***- 355.977***
Cash on 01/04/2015	352.251	708.228
Cash on 31/03/2016	170.384	352.251
Unlike quadrature	-	-

Supplementary Notes – Other Information

Here following other information required by articles 2427 and 2427 bis of Civil Code are reported.

Employment data

The chart below shows the average number of employees, grouped by category and calculated considering the daily average.

Category	Number
Managers	3
Executives	10+1 (temp)
Office workers	16+1 (temp)

Total	**29+2**

The number of employees for each category was calculated considering employees on payroll at Ranbaxy Italia SpA at the date of 31/03/2016.

The staff has fallen considerably compared to the previous year as a result of:

- The new organizational model introduced as a consequence of Ranbaxy Italia SpA belonging to Sun Pharma Group (through the incorporation of Ranbaxy Laboratories Ltd. Sun Pharmaceutical Industries Ltd, which took place on March 25, 2015), where the hierarchical reporting model, whose synthesis is the Managing Director, has been replaced by the functional reporting model;

- The restructuring introduced by virtue of the decrease in the company's turnover

Remuneration to Directors and Statutory Board of Auditors

No remunerations is provided to the Board of Directors.

The remunreration due to the Statutory Board of Auditos amounts to € 13.665.

Remuneration to legal auditor of audit firm

The remuneration due to the audit firm (Crowe Horwath AS S.r.l..) is € 14.400.

Categories of shares issued by the company

The number of company's shares is 50.000 and their nominal value is € 1 each.

With the Shareholders' meeting held on May 29, 2015 it was approved a reduction of the Company's share capital under the legal minimum, for use to cover losses, and a subsequent recovery through the waiver of a portion of the financial debt shareholder.

The previous number of shares amounted to 200.000, and their nominal value amounted to € 1. There are no classes of shares other than ordinary. All shares are owned by the sole shareholder of the Company since its incorporation.

All subscribed shares have been fully paid.

Securities issued by the company

The company has not issued any securities or similar value falling within the provisions of art. 2427. 18 Civil Code.

Information on financial instruments issued by the company

The company has not issued other financial instruments referred to in n. 19 of the 1st paragraph of art. 2427 of the Civil Code.

Summary financial statements of the company exercising the management and coordination activity

Ranbaxy Laboratories Limited, a company which exercised the management and coordination activities of Ranbaxy Italy S.p.A., was merged into Sun Pharmaceuticals Industries Limited on 25 March 2015.

Sun Pharmaceuticals Industries Limited is the company which carries now that the direction and coordination, and

SUN PHARMA

BALANCE SHEET

AS AT 31ST MARCH, 2015

₹ in Million

	Note No.	As at 31st March, 2015		As at 31st March, 2014	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	2,071.2		2,071.2	
Share Suspense Account	48	334.8		-	
Reserves and Surplus	2	225,307.7	227,713.7	72,007.6	74,078.8
Share application money pending allotment			149.0		-
Non-current Liabilities					
Long-term Borrowings	3	11,703.2		46.4	
Deferred Tax Liabilities (Net)	4	-		1,928.4	
Other Long-term Liabilities	5	143.7		13.8	
Long-term Provisions	6	24,225.1	36,072.0	25,241.9	27,230.5
Current Liabilities					
Short-term Borrowings	7	42,528.1		24,043.7	
Trade Payables	8	14,850.3		3,800.6	
Other Current Liabilities	9	32,475.5		7,610.1	
Short-term Provisions	10	20,666.9	110,520.8	6,880.3	42,334.7
Total			**374,455.5**		**143,644.0**
ASSETS					
Non-current Assets					
Fixed Assets					
Tangible Assets	11A	31,152.9		12,575.6	
Intangible Assets	11B	699.8		96.1	
Capital Work-in-Progress		10,863.2		4,804.6	
Intangible Assets under Development		42.7		-	
		42,758.6		17,476.3	
Non-current Investments	12	257,822.3		61,557.3	
Long-term Loans and Advances	13	18,952.3		7,614.9	
Other Non-current Assets	14	419.5	319,952.7	1.1	86,649.6
Current Assets					
Current Investments	15	939.3		8,600.0	
Inventories	16	21,892.5		9,183.8	
Trade Receivables	17	18,028.2		9,801.5	
Cash and Cash Equivalents	18	4,164.6		1,414.8	
Short-term Loans and Advances	19	6,966.9		3,093.2	
Other Current Assets	20	2,511.3	54,502.8	24,901.1	56,994.4
Total			**374,455.5**		**143,644.0**
See accompanying notes forming part of the Financial Statements					

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

RAJESH K. HIRANANDANI
Partner

Mumbai, 11th August, 2015

For and on behalf of the Board

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

UDAY V. BALDOTA
Chief Financial Officer

SUNIL R. AJMERA
Company Secretary

Mumbai, 11th August, 2015

Assets allocated to a specific business

This is to certify that at the date of closure of financial statements there are no assets allocated to a specific transaction, as per n. 20 of the 1st paragraph of art. 2427 of the Civil Code.

Funding for a specific business

This is to certify that at the date of closure of financial statements there is no funding for a specific business, as per n. 21 of the 1st paragraph of art. 2427 of the Civil Code.

Information about the fair value of financial instruments

This is to certify that no derivaties financial contract was signed.

Related party transactions

All related party transactions were made on market terms and the corresponding revenues and costs are in line with those that would have been able to achieve with third parties.

The following table summarizes the outstanding receivables and payables, revenues and costs of all related party transactions:

Company	Description	Amount $	Amount
Debts			
Ranbaxy Uk	Recharge regulatory costs		169.558
Ranbaxy NBV	Intercompany loan		3.279.278
Ranbaxy NBV	Interests on Intercompany loan		181.632
Terapia	Purchase of finished products and management services		32.262
Ranbaxy Ireland	Purchase of finished products		531.281
Basics	Transportation costs recharge		180
Sun Pharma Ltd	Purchase of finished products		1.797.706
Sun Pharma Ltd	Business Support Services	302.106	259.255
Sun Pharma Italia	Purchase of finished products		682
Sun Pharma Ind. Europe BV	Legal costs recharge		26.597
	Total	**302.106**	**6.278.431**

Company	Description	Amount $	Amount
Credits			
Sun Pharma Ltd	Recharge of distribution costs		58.024
	Total		**58.024**

Company	Description	Amount $	Amount
Expenses			
Ranbaxy Europe	Administrative expenses		146.111
Ranbaxy UK	Management fees		169.558
Ranbaxy UK	Regulatory exp. Recharge		4.300
Terapia	Purchase of finished products		46.833
Terapia	Administrative expenses		1.900
Ranbaxy Ireland	Purchase of finished products		2.019.066
Ranbaxy NBV	Financials costs		78.037
Sun Pharma Ltd	Purchase of finished products		1.797.706
Sun Pharma Ltd	Administrative expenses	58.902	53.547
Basics	Purchase of finished products		248
Sun Pharmaceuticals Italia	Service recharge		6.000
Sun Pharma Industries Europe	Legal expense recharge		26.597
Sun Pharmaceuticals Italia	Purchase of finished products		26.803
	Totale	**58.902**	**4.376.705**

Company	Description	Amount $	Amount
Revenue			
Sun Pharmaceuticals Italia	Sale of finished products	-	14.516
Sun Pharmaceuticals Industries ltd	Regulatory expense recharge		219.837
Ranbaxy UK	Miscellaneous exp. Recharge		1.373
Basics	HR expense recharge		36.930
Laboratorios Ranbaxy	HR expense recharge		29.928
Alkaloida Sweden Ab	Sale of finished products	-	109.392
	Totale	**-**	**411.976**

Supplementary Notes – final part

Dear Shareholder,

We confirm that these Financial Statements, made up of the Balance Sheet, the Income Statement and the Supplementary Notes to the statements provide a true and fair view of the financial situation of the company and match the accounting records and we invite you to approve these draft Financial Statements as at 31/03/2016, so as drafted by the Board of Directors.