

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
SUN PHARMA DE MEXICO S.A. DE C.V.**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying Financial Statements of **Sun Pharma de Mexico S.A. de C.V.** ("the Company") which comprise the Balance Sheet as at 31st December, 2018 and 2017, the Statement of Profit and Loss, the Statement of Changes in Stockholders' Equity and the Cash Flow Statement of the Company for the year ended on 31st December, 2018 and 2017, also a summary of the significant accounting policies and other explanatory information annexed there to.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with the Mexican Financial Reporting Standards and the internal control that Management deems necessary to enable the preparation of financial statements free of material misstatement due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these accompanying financial statements based on our audits. We have conducted our audits in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain true assurance about whether the financial statements are free of material misstatement.

An audit involves the performing procedures to obtain audit evidence about the amounts and disclosures disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements whether due to fraud or error. In making such risk assessments, the auditor takes into account the internal control relevant to the preparation and faithful presentation by the Company of the financial statements in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the accounting policies applied and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis to support our opinion without fiscal qualification.

**OPINION**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sun Pharma de México, S.A. de C.V. as of December 31, 2018 and 2017 as well as its results, changes in stockholders' equity and their cash flows for the years then ended, in accordance with the Mexican Financial Reporting Standards.

**OTHER MATTER**

The financial statements for the year ended December 31, 2017 were also audited by this same firm of public accountants based on the Auditing Standards generally accepted in Mexico.

**Garcia Landa Becerril & Asociados S.C.**

**C.P.C. Jorge Marcos Garcia Landa**

**Independent Auditors**

**AGAFF Registration No. 03325**

**Mexico City, March 26, 2019**

**STATUTORY AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
SUN PHARMA DE MEXICO S.A. DE C.V.**

In my capacity as Statutory Auditor, and in compliance with the provisions of Article 166 of the Mexican General Corporations Law and the by-laws of **Sun Pharma de Mexico S.A. de C.V.** ("the Company"), I am pleased to submit my Audit Report on the veracity, sufficiency and reasonability of the Financial Statements of the Company for the year ended December 31, 2018, presented to you by the Board of Directors of the Company.

I have attended the Shareholders' and the Board of Directors' meetings to which I was summoned and I have obtained from the board members and the Company's officers all the information on the Company's operations, documentation and records, that I considered necessary for examination. I conducted my audit in accordance with auditing standards generally accepted in Mexico.

In my opinion, the accounting and reporting policies and procedures observed by the Company in the preparation of the financial statements that are being presented to the shareholders are adequate and sufficient and were applied on a basis consistent with that of the previous year. Therefore, it is also my opinion that the financial statements referred to above give a True and Fair view in conformity with Mexican Financial Reporting Standards:

- i. In the case of Balance Sheet, of the state of affairs of the Company as at December 31, 2018;
- ii. In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date;
- iii. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date; and
- iv. In the case of Statement of Changes in Stockholders' Equity, of the changes, if any, in stockholders' equity of the Company for the year ended on that date.

**C.P.C. Jorge Daniel García Becerril  
Statutory Auditor**

**Mexico City, March 26, 2019**



**SUN PHARMA DE MEXICO S.A. DE C.V.**  
**BALANCE SHEET AS AT DECEMBER 31, 2018**

	Notes	As at December 31, 2018		As at December 31, 2017	
		Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Capital Stock		<b>\$1,010,360</b>		\$1,010,360	
Reserves and Surplus	5	<u><b>\$263,800,372</b></u>	<u><b>\$264,810,732</b></u>	<u>\$190,022,100</u>	\$191,032,460
<b>Current Liabilities</b>					
Trade Payables	6	<b>\$11,530,807</b>		\$24,806,695	
Other Current Liabilities	7	<u><b>\$3,305,434</b></u>	<u><b>\$14,836,241</b></u>	<u>\$64,717,989</u>	\$89,524,684
<b>Total</b>			<u><u><b>\$279,646,973</b></u></u>	<u><u>\$280,557,144</u></u>	
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Fixed Assets					
Tangible Assets	22		<b>\$21,058,871</b>		\$16,444,852
Deferred Tax Assets (Net)			<b>\$146,975</b>		\$464,125
<b>Current Assets</b>					
Inventories	8	<b>\$76,445,021</b>		\$46,892,468	
Trade Receivables	9	<b>\$74,930,048</b>		\$89,773,022	
Cash and Cash Equivalents	10	<b>\$90,821,527</b>		\$109,118,992	
Short Term Loans and Advances	11	<b>\$16,043,625</b>		\$17,662,779	
Other Current Assets	12	<u><b>\$200,906</b></u>	<u><b>\$258,441,127</b></u>	<u>\$200,906</u>	\$263,648,167
<b>Total</b>			<u><u><b>\$279,646,973</b></u></u>	<u><u>\$280,557,144</u></u>	

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

For and on behalf of the Board of Directors

**C.P.C. Jorge Daniel García Becerril**  
Statutory Auditor

**Lic. Fernando Salvador Ramos Suarez**  
President

For and on behalf of  
**García Landa Becerril & Asociados S.C.**

**Lic. Vipulkumar Jayantilal Timbadia**  
Director

**C.P.C. Jorge Marcos Garcia Landa**  
Independent Auditors

Mexico City, March 26, 2019

**SUN PHARMA DE MEXICO S.A. DE C.V.**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Notes</b>	<b>Year Ended December 31, 2018</b>		<b>Year Ended December 31, 2017</b>	
		<b>Mexican Pesos</b>	<b>Mexican Pesos</b>	<b>Mexican Pesos</b>	<b>Mexican Pesos</b>
<b>Revenue From Operations</b>	13		<b>\$350,408,165</b>		\$359,451,156
<b>Other Income</b>	14		<b>\$12,035,937</b>		\$5,833,733
<b>Total Income</b>			<b>\$362,444,102</b>		\$365,284,889
<b>Cost of Materials Consumed</b>	15	<b>\$13,441,734</b>		\$19,198,884	
<b>Purchase of Stock-in-Trade</b>	16	<b>\$91,685,924</b>		\$68,083,559	
<b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b>	17	<b>(\$25,822,069)</b>	<b>\$79,305,589</b>	\$5,521,110	\$92,803,553
			<b>\$283,138,513</b>		\$272,481,336
<b>Operational Expenses</b>					
Personnel Expenses	18		<b>\$68,375,695</b>	\$68,555,583	
Marketing Sales and Distribution Expenses	19		<b>\$62,993,667</b>	\$55,997,685	
Other Expenses	20		<b>\$43,019,145</b>	\$69,767,713	
Depreciation	22		<b>\$5,117,693</b>	\$5,133,582	\$199,454,563
			<b>\$179,506,200</b>		
<b>Operating Profit</b>			<b>\$103,632,313</b>		\$73,026,773
<b>Exchange Gain / (Loss) - Net</b>			<b>(\$470,733)</b>		\$1,574,337
<b>Profit Before Tax</b>			<b>\$103,161,580</b>		\$74,601,110
<b>Tax Expenses</b>					
Current Tax		<b>\$29,066,158</b>		\$22,652,111	
Deferred Tax Expenses		<b>\$317,150</b>	<b>\$29,383,308</b>	\$2,398,669	\$25,050,780
<b>Profit for the Year</b>			<b>\$73,778,272</b>		\$49,550,330

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

For and on behalf of the Board of Directors

**C.P.C. Jorge Daniel García Becerril**  
Statutory Auditor

**Lic. Fernando Salvador Ramos Suarez**  
President

For and on behalf of  
**García Landa Becerril & Asociados S.C.**

**Lic. Vipulkumar Jayantilal Timbadia**  
Director

**C.P.C. Jorge Marcos García Landa**  
Independent Auditors

Mexico City, March 26, 2019

**SUN PHARMA DE MEXICO S.A. DE C.V.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018**

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Tax		<b>\$103,161,580</b>		\$74,601,110
<b>Adjustment for:</b>				
Depreciation Expenses	<b>\$5,117,693</b>		\$5,133,582	
Provision for Doubtful Trade Receivables and Advances	<b>\$321,799</b>		\$18,423,792	
Profit on Sales of Fixed Assets	<b>(\$2,818,857)</b>		(\$335,518)	
Interest Income	<b>(\$6,827,680)</b>	<b>(\$4,207,045)</b>	(\$5,048,683)	\$18,173,173
<b>Operating Profit Before Working Capital Changes</b>		<b>\$98,954,535</b>		\$92,774,283
<b>Changes in Working Capital:</b>				
Increase / (Decrease) Trade Payables	<b>(\$13,275,888)</b>		\$2,432,080	
Increase / (Decrease) Other Current Liabilities	<b>(\$1,721,982)</b>		\$1,231,786	
Increase / (Decrease) Other Current Liabilities-Dividend Payable	<b>(\$59,690,573)</b>		\$59,690,573	
(Increase) / Decrease Inventories	<b>(\$29,552,553)</b>		\$13,636,120	
(Increase) / Decrease Trade Receivables	<b>\$14,521,175</b>		\$15,456,138	
(Increase) / Decrease Short Term Loans and Advances	<b>\$1,619,154</b>	<b>(\$88,100,667)</b>	\$731,929	\$93,178,626
<b>Cash Generated from Operations</b>		<b>\$10,853,868</b>		\$185,952,909
Income Tax Paid		<b>\$29,066,158</b>		\$22,652,111
<b>Net Cash Flow from Operating Activities</b>		<b>(\$18,212,290)</b>		\$163,300,798
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend Payment		<b>\$0</b>		(\$79,587,430)
<b>Net Cash Flow used in Financing Activities</b>		<b>\$0</b>		(\$79,587,430)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital Expenditure on Fixed Assts (Net)		<b>(\$9,826,055)</b>		(\$1,794,180)
Proceed from Sales of Fixed Assets		<b>\$2,913,200</b>		\$499,242
Interest Income		<b>\$6,827,680</b>		\$5,048,683
<b>Net Cash Flow Generated from / (Used in) Investing Activities</b>		<b>(\$85,175)</b>		\$3,753,745
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>		<b>(\$18,297,465)</b>		\$87,467,113
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR		<b>\$109,118,992</b>		\$21,651,879
<b>CASH AND EQUIVALENTS AT END OF THE YEAR</b>		<b>\$90,821,527</b>		\$109,118,992

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

**C.P.C. Jorge Daniel García Becerril**  
Statutory Auditor

For and on behalf of  
**García Landa Becerril & Asociados S.C.**

**C.P.C. Jorge Marcos García Landa**  
Independent Auditors

Mexico City, March 26, 2019

For and on behalf of the Board of Directors

**Lic. Fernando Salvador Ramos Suarez**  
President

**Lic. Vipulkumar Jayantilal Timbadia**  
Director

**SUN PHARMA DE MEXICO S.A. DE C.V.**

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY YEAR ENDED DECEMBER 31, 2018**

Shareholders' Name	Opening Balance		Addition / (Deletion)		Closing Balance	
	No. of Shares	Mexican Pesos	No. of Shares	Mexican Pesos	No. of Shares	Mexican Pesos
Sun Pharmaceutical Industries Ltd.	750	\$757,770	\$0	\$0	750	\$757,770
Indi Pharma SAPI de CV.	250	\$252,590	\$0	\$0	250	\$252,590
<b>Total Capital Stock</b>	<b>1,000</b>	<b>\$1,010,360</b>	<b>\$0</b>	<b>\$0</b>	1,000	\$1,010,360
Year ended December 31, 2017	1,000	\$1,010,360	\$0	\$0	1,000	\$1,010,360

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

For and on behalf of the Board of Directors

**C.P.C. Jorge Daniel García Becerril**  
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Director

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Independent Auditors

Mexico City, March 26, 2019



## **SUN PHARMA DE MEXICO S.A. DE C.V.**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS**

#### **A. PRESENTATION:**

Sun Pharma de Mexico S.A. de C.V. is a Mexican Company incorporated on December 3, 2002 under the Mexican laws with a foreign investor, the Company is involved in business of Pharmaceutical Products.

#### **B. SIGNIFICANT ACCOUNTING POLICIES:**

##### **I. Basis of Accounting**

These financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in Mexico and Mexican Financial Reporting Standards (Mexican FRS) as issued by CINIF (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C.), the Financial Statements are presented in Mexican pesos.

##### **II. Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

##### **III. Property, plant and equipment**

###### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

###### *Depreciation*

Depreciation is recognized in the income statement on a straight line basis over the estimated useful lives of property, plant and equipment at the rates specified under the Mexican Tax Laws. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.



#### **IV. Revenue Recognition**

*Sale of goods* Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods includes VAT, if any, and is measured at the fair value of the consideration received or receivable, net of returns and applicable trade discounts and allowances.

#### **V. Inventories**

Inventories consist of raw materials, stores and spares, work in progress and finished goods and are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **VI. Foreign Currency Transactions**

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated income statement in the period in which they arise.

#### **VII. Effects of Inflation**

As defined under Mexican FRS B-10, Effects of Inflation, the Company is considered to operate in a non-inflationary environment and accordingly, the Company presents its financial information in nominal Mexican pesos.

#### **VIII. Income tax**

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

## IX. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

### C. NOTES TO FINANCIAL STATEMENTS:

#### 1. Capital Stock

As at December 31, 2018, the Fixed Capital Stock represents an amount of \$1,010,360 Mexican Pesos (Previous Year \$1,010,360 Mexican Pesos), represented by 1,000 (Previous Year 1,000) Ordinary and Nominative Shares with no par value.

#### 2. Legal Reserve

In accordance with the requirements of Mexican General Corporations Law and the By-laws of the Company of creating Legal Reserve of 5% of Capital Stock, the Company, in the year 2012, has created Legal Reserve of \$202,072 Mexican Pesos out of the Accumulated Profits.

#### 3. Balances Payable and Operations with Related Parties

##### a) Balances Payable

	<b>As At December 31, 2018</b>	<b>As At December 31, 2017</b>
	<b>Mexican Pesos</b>	<b>Mexican Pesos</b>
Sun Pharmaceuticals Industries Ltd.	<b>\$0</b>	\$7,197,047
Endesk Servicios S.A de C.V.	<b>\$42,101</b>	\$260,565

##### b) Operations

	<b>Year ended December 31, 2018</b>	<b>Year ended December 31, 2017</b>
	<b>Mexican Pesos</b>	<b>Mexican Pesos</b>
<b>Purchases / Expenses</b>		
Sun Pharmaceuticals Industries Ltd.	<b>\$103,828,118</b>	\$64,805,451
<b>Administrative Services</b>		
Endesk Servicios S.A de C.V.	<b>\$79,153,384</b>	\$76,472,541

	As at December 31, 2018		As at December 31, 2017	
	U.S. Dollars	Mexican Pesos	U.S. Dollars	Mexican Pesos
<b>4. Foreign Currency Assets and Liabilities Position</b>				
<b>a) Foreign Currency Assets</b>				
Bank Balance	\$8,583	\$168,705	\$1,731	\$34,159
<b>b) Foreign Currency Liabilities</b>				
Trade Payables	\$42,976	\$844,760	\$420,898	\$8,306,585
	As at December 31, 2018		As at December 31, 2017	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
<b>5. Reserves and Surplus</b>				
Legal Reserve:				
Opening / Closing Balance		\$202,072		\$202,072
Surplus in Statement of Profit and Loss				
Opening Balance	\$189,820,028		\$219,857,128	
Less: Dividend Payment during the year	\$0		\$79,587,430	
Add: Profit For the Year	\$73,778,272	\$263,598,300	\$49,550,330	\$189,820,028
		<u>\$263,800,372</u>		<u>\$190,022,100</u>
<b>6. Trade Payable</b>				
Sundry Creditors		\$9,376,444		\$22,496,681
Expenses Payable		\$2,154,363		\$2,310,014
		<u>\$11,530,807</u>		<u>\$24,806,695</u>
<b>7. Other Current Liabilities</b>				
Advances Received		\$3,124,806		\$4,991,750
Dividend Payable		\$0		\$59,690,573
Others		\$143,498		\$0
Withholding Tax Payable		\$37,130		\$35,666
		<u>\$3,305,434</u>		<u>\$64,717,989</u>
<b>8. Inventories</b>				
(Valued at Lower of Cost or Net realisable value)				
Raw and Packing Materials	\$20,823,172		\$14,799,826	
Goods In Transit	\$0	\$20,823,172	\$2,292,862	\$17,092,688
Work In Progress		\$840,883		\$469,707
Finished Goods	\$49,163,334		\$28,134,485	
Goods In Transit	\$5,617,632	\$54,780,966	\$1,195,588	\$29,330,073
		<u>\$76,445,021</u>		<u>\$46,892,468</u>
<b>9. Trade Receivables</b>				
(Unsecured)				
Considered good		\$74,930,048		\$89,773,022
Considered doubtful		\$15,991,256		\$15,669,460
		<u>\$90,921,304</u>		<u>\$105,442,482</u>
Less: Allowance for Doubtful debts		\$15,991,256		\$15,669,460
		<u>\$74,930,048</u>		<u>\$89,773,022</u>
<b>10. Cash and Cash Equivalents</b>				
Balances With Banks				
On Current Peso Accounts	\$4,649,340		\$2,760,939	
On Current U.S. Dollar Account	\$168,705		\$34,159	
On Deposit Peso Accounts	\$85,987,482	\$90,805,527	\$106,314,894	\$109,109,992
Cash on Hand		\$16,000		\$9,000
		<u>\$90,821,527</u>		<u>\$109,118,992</u>



	As at December 31, 2018		As at December 31, 2017	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
<b>11. Short Term Loans and Advances</b>				
(Unsecured)				
Advances to Others - Considered Good		\$18,983		\$428,997
Advances for supply of goods and Services				
Considered Good	\$467,622		\$154,575	
Considered Doubtful	\$2,730,000		\$2,754,332	
	\$3,197,622		\$2,908,907	
Less : Allowance for doubtful Advances	<u>(\$2,730,000)</u>	\$467,622	<u>(\$2,754,332)</u>	\$3,063,482
Prepaid Expenses		\$3,277,499		\$1,746,160
Balances with Government Authorities		\$12,240,494		\$15,333,047
Interest Accrued		\$39,027		\$0
		<u>\$16,043,625</u>		<u>\$20,571,686</u>
<b>12. Other Current Assets</b>				
(Unsecured)				
Deposits Given		\$200,906		\$200,906
		<u>\$200,906</u>		<u>\$200,906</u>
	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
<b>13. Revenue from Operations</b>				
Net Sales		\$350,408,165		\$359,451,156
		<u>\$350,408,165</u>		<u>\$359,451,156</u>
<b>14. Other Income</b>				
Interest		\$6,827,680		\$5,048,683
Profit on Sales of Fixed Assets		\$2,818,857		\$335,518
Insurance Claims Received		\$2,148,886		\$415,898
Other Miscellaneous Income		\$240,514		\$33,634
		<u>\$12,035,937</u>		<u>\$5,833,733</u>
<b>15. Cost of Materials Consumed</b>				
Raw and packing materials				
Inventories at the beginning of the year		\$17,092,688		\$25,207,698
Purchases during the year		\$17,172,218		\$11,083,874
Inventories at the end of the year		<u>(\$20,823,172)</u>		<u>(\$17,092,688)</u>
		<u>\$13,441,734</u>		<u>\$19,198,884</u>
<b>16. Purchases of Stock-in-Trade</b>				
Purchases of Trading Goods		\$91,685,924		\$68,083,559
		<u>\$91,685,924</u>		<u>\$68,083,559</u>
<b>17. Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b>				
Inventories at the beginning of the year		\$29,799,780		\$35,320,890
Inventories at the end of the year		<u>(\$55,621,849)</u>		<u>(\$29,799,780)</u>
		<u>(\$25,822,069)</u>		<u>\$5,521,110</u>
<b>18. Personnel Expenses</b>				
Salaries, Wages, Bonus and Benefits		\$67,843,258		\$68,014,135
Staff Welfare Expenses		\$532,437		\$541,448
		<u>\$68,375,695</u>		<u>\$68,555,583</u>

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
<b>19. Marketing, Sales and Distribution Expenses</b>				
Marketing and Sales Expenses		<b>\$17,911,971</b>		\$10,091,555
Samples		<b>\$28,796,315</b>		\$30,432,160
Logistics and Distribution		<b>\$6,387,085</b>		\$7,145,834
Special Discounts		<b>\$4,983,105</b>		\$4,197,344
Field Staff Incentives		<b>\$4,915,191</b>		\$4,130,792
		<u><b>\$62,993,667</b></u>		<u>\$55,997,685</u>
<b>20. Other Expenses</b>				
Conversion and other manufacturing charges		<b>\$12,090,156</b>		\$15,356,121
Power and Fuel		<b>\$421,869</b>		\$369,378
Rent		<b>\$1,457,670</b>		\$1,394,008
Rates and Taxes		<b>\$84,139</b>		\$80,527
Consumption of Lab Chemicals, Stores etc.		<b>\$2,367,684</b>		\$1,855,067
Repairs and Maintenance		<b>\$368,363</b>		\$436,519
Insurance		<b>\$3,381,396</b>		\$2,800,892
Printing and Stationery		<b>\$180,389</b>		\$163,494
Membership Fees		<b>\$586,178</b>		\$975,677
Traveling Lodging and Boarding		<b>\$4,110,327</b>		\$4,357,873
Vehicle Running Expenses		<b>\$4,774,443</b>		\$4,463,043
Communications		<b>\$765,909</b>		\$772,264
Consulting Fees		<b>\$556,748</b>		\$459,602
Audit Fees		<b>\$98,850</b>		\$94,305
Provision for Doubtful Trade Receivables and Advances		<b>\$321,799</b>		\$18,423,792
Regulatory Related Study Charges		<b>\$403,000</b>		\$7,577,970
Regulatory Filing Fees		<b>\$979,638</b>		\$2,064,769
Other Regulatory Expenses		<b>\$1,565,101</b>		\$969,657
Other Misc. Expenses		<b>\$8,505,486</b>		\$7,152,755
		<u><b>\$43,019,145</b></u>		<u>\$69,767,713</u>

**21. Previous years' Figures are regrouped/rearranged wherever necessary.**

**22. FIXED ASSETS**

Mexican Pesos

Particulars	Dep. Rate	Gross Block (At Cost)				Depreciation / Amortisation / Impairment				Net Block	
		As At 01.01.18	Additions During the Year	Deletions / Adjustments During the Year	As at 31.12.18	As at 01.01.18	For the Year	On Deletions For the Year	As at 31.12.18	As at 31.12.17	
<b>Tangible Assets</b>											
Freehold Land	0%	\$5,245,942	\$0	\$0	\$5,245,942	\$0	\$0	\$0	\$5,245,942	\$5,245,942	
Buildings	5%	\$5,296,665	\$0	\$0	\$5,296,665	\$2,519,851	\$0	\$0	\$2,511,980	\$2,776,814	
Plant and Machinery	10%	\$34,863,041	\$3,032,010	\$0	\$37,895,051	\$33,050,192	\$635,336	\$0	\$4,209,523	\$1,812,849	
Data Processing Equipments	30%	\$1,131,775	\$18,533	\$0	\$1,150,308	\$1,072,265	\$40,043	\$0	\$38,000	\$59,510	
Office Equipments	10%	\$270,951	\$0	\$0	\$270,951	\$234,693	\$11,832	\$0	\$24,426	\$36,258	
Vehicles	25%	\$16,594,908	\$6,775,512	(\$6,726,082)	\$16,644,338	\$11,024,190	\$3,819,372	(\$6,631,739)	\$8,432,515	\$5,570,718	
Electrical Fittings	10%	\$117,641	\$0	\$0	\$117,641	\$96,312	\$11,764	\$0	\$9,565	\$21,329	
Furniture and Fixtures	10%	\$3,375,099	\$0	\$0	\$3,375,099	\$2,453,667	\$334,512	\$0	\$586,920	\$921,432	
<b>Total</b>		<b>\$66,896,022</b>	<b>\$9,826,055</b>	<b>(\$6,726,082)</b>	<b>\$69,995,995</b>	<b>\$50,451,170</b>	<b>\$5,117,693</b>	<b>(\$6,631,739)</b>	<b>\$48,937,124</b>	<b>\$21,058,871</b>	
Previous Year 2017		\$66,109,248	\$1,794,180	(\$1,007,406)	\$66,896,022	\$46,161,270	\$5,133,582	(\$843,682)	\$50,451,170	\$16,444,852	