

Financial statements for filing purposes of:
Sun Pharmaceutical Industries (Europe) B.V.
in Hoofddorp
for the year 2014/2015

Chamber of Commerce registry for Amsterdam, file number 34277465

Adopted by the General Meeting of Shareholders (GSM) of SUN PHARMACEUTICAL

INDUSTRIES EUROPE B.V.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The report is available for inspection at the company's office.

BALANCE SHEET AS AT 31 MARCH 2015

	31 March 2015		31 March 2014	
	€	€	€	€
ASSETS				
Fixed assets				
Tangible fixed assets				
Other operating assets		30,194		38,516
Current assets				
Inventories		2,676,231		4,473,113
Receivables, prepayments and Accrued income				
Trade receivables	1,803,530		1,705,750	
Current account affiliated companies	268,546		616,004	
Taxes and social security charges	26,214		8,646	
Other receivables, deferred assets	313,860		90,524	
		2,412,150		2,420,924
Cash and cash equivalents		770,870		563,061
		<u>5,889,445</u>		<u>7,495,614</u>

Sun Pharmaceutical Industries (Europe) B.V.

	31 March 2015		31 March 2014	
	€	€	€	€
LIABILITIES				
Shareholders' equity		(2,178,948)		(2,509,350)
Long-term liabilities				
Debt to participating interests and companies		1,585,366		2,536,457
Current liabilities, accruals and deferred income				
Accounts payable	970,404		397,942	
Amounts due to participants and associated companies	4,918,451		6,464,641	
Taxes and social security charges	93,963		163,660	
Other liabilities, accruals and deferred income	500,209		442,264	
		6,483,027		7,468,507
		5,889,445		7,495,614

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2014/2015

	2014/2015		2013/2014	
	€	€	€	€
Gross margin		2,763,688		2,177,439
Wages and salaries	901,310		767,859	
Social security charges	99,020		69,146	
Pension costs	38,622		42,491	
Other labour costs	122,453		111,092	
Depreciation of tangible fixed assets	19,127		21,380	
Other operating expenses	1,143,575		1,011,867	
Total operating expenses		2,324,107		2,023,835
Operating result		439,581		153,604
		(109,179)		(106,814)
Result of ordinary activities before taxation		330,402		46,790
Taxation on result of ordinary activities		-		-
Result after taxation		330,402		46,790

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

The cash flow statement has been prepared using the indirect method.

	2014/2015		2013/2014	
	€	€	€	€
Cash flow from operating activities				
Operating result	439,581		153,604	
Adjustments for:				
Amortisation and depreciation	19,127		21,380	
Movement of working capital:				
Movement of inventories	1,796,882		(649,958)	
Movement of accounts receivable	8,774		(504,188)	
Movement of short-term liabilities (excluding finance company debt)	(985,480)		1,001,535	
Cash flow from operating activities		1,278,884		22,373
Interest paid		(109,179)		(106,814)
Cash flow from operating activities		1,169,705		(84,441)
Cash flow from investment activities				
Investments in tangible fixed assets		(10,805)		(14,446)
Cash flow from financing activities				
Miscellaneous movement	-			
Increase in loans from shareholders	-		60,989	
Decrease in loans from shareholders	(951,091)		-	
Cash flow from financing activities		(951,091)		60,989
		207,809		(37,898)
Compilation cash				
	2014/2015		2013/2014	
	€	€	€	€
Cash and cash equivalents as per 1 April		563,061		600,959
Movement of cash and cash equivalents		207,809		(37,898)
Cash and cash equivalents at 31 March		770,870		563,061

ACCOUNTING POLICIES

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Activities

The activities of Sun Pharmaceutical Industries (Europe) B.V., having its legal seat at Hoofddorp, primarily consist of manufacturing, getting manufactured, import, export, marketing, storage, distribution and selling of pharmaceuticals.

Comparison period

The accounting policies have not been changed during the year. When necessary the comparison period has been reclassified in accordance with the presentation of 2014/2015 in order to sustain the comparability.

Financial year

The financial year is from 1 April to 31 March.

Group structure

The company forms part of a group, headed by Alkaloida Chemical Company exclusive group Limited in Hungary.

Statutory seat

The company has its legal seat in Hoofddorp.

Assumption of continuity

The management of shareholder Alkaloida Chemical Company exclusive group Limited declared that it shall assume liability for all the debts arising from legal transactions and the equity deficit of € 2.178.948 of Sun Pharmaceutical Industries (Europe) B.V.

This liability undertaking guarantees compliance by Alkaloida Chemical Company exclusive group Limited with all the liabilities, obligations and commitments of Sun Pharmaceutical Industries (Europe) B.V. in the event of any shortage of funds. This undertaking shall be valid for a period of one year following the financial year ended March 31, 2015.

Based on the results of the current year and the future outlook management is confident that the continuity of the company is secured for at least one year. Because of that the valuation and results are based on the principle of continuity.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The financial statements are made up in Euro's. Notes to the balance sheet and the profit and loss account are numbered. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, assets and liabilities are valued according to the cost model.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Depreciation rates

	%
Other operating assets	20

Inventories

Inventories of raw materials, consumables and goods for resale are valued at acquisition price or lower net realizable value. The lower net income value is determined by the individual assessment of the inventories.

Receivables and deferred assets

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents are stated at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Liabilities

Liabilities are valued at nominal value, unless determined differently.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognized in proportion to the services rendered, based on the cost incurred in respect of the services performed up to that moment, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Net turnover

Net turnover represents amounts invoiced for goods supplied during the financial year reported on, net of discount and value added taxes.

Cost of sales

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production.

Amortisation and depreciation

Depreciation of tangible fixed assets is calculated by means of fixed percentages of the historical cost price, based upon the economical life expectancy of the assets. Bookresults are presented under the depreciation of tangible fixed assets.

Operating costs

Costs and expenses are determined on the basis of the accounting policies set out above.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for the current reporting period.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method.

The funds in the cash flow statement consist of cash, short-term debt to finance companies and current securities.

Cash flows in foreign currencies are converted at an estimated average rate.

Exchange rate differences concerning finances are shown separately in the cash flow statement.

Income and expenses related to interest, received dividend and profit taxes are included in the cash flow statement for operational activities. Dividend payments are included in the cash flow statement for financing activities.

The acquisition cost of group companies acquired is presented under the cash flow from investment activities, insofar as the payment was through cash and cash equivalents.

Transactions which do not involve the exchange of cash resources, including financial leasing, are not included in the cash flow statement. The repayment part of lease term based on the financial lease contract is considered to be a financial activity expense, while the interest is considered to be an operational activity expense.

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2015

EQUITY AND LIABILITIES

1. Shareholders' equity

	<u>31-3-2015</u>	<u>31-3-2014</u>
	€	€
Issued share capital		
180 ordinary shares of € 100.00	<u>18,000</u>	<u>18,000</u>
Issued and fully paid are 180 ordinary shares of € 100.00.		
	<u>2014/2015</u>	<u>2013/2014</u>
	€	€
Other reserves		
Balance as at 1 April	(2,527,350)	(2,574,140)
Allocation of financial year net result	<u>330,402</u>	<u>46,790</u>
Balance as at 31 March	<u>(2,196,948)</u>	<u>(2,527,350)</u>

2. Long-term liabilities

Debt to participating interests and companies

The long-term liabilities concerns a loan from Alkaloida Company Zrt. The loan amounts to € 1,585,366 at year-end (2013/2014: 2,536,457). The interest during the year is € 48,909.

Sun Pharmaceutical Industries (Europe) B.V. shall repay the loan based on availability of the fund. However that the full amount of loan shall become due and payable after the end of five years on 25 June 2017 unless agreed otherwise mutually by both parties. The interest rate is 2.59% and is based on 12 month LIBOR rates on value date of two business day prior to first of April.

Contingent assets and Liabilities

Bank guarantee

A bank guarantee has been issued for a total amount of € 53.411 for the rent of an office building.

Rent liability

The company entered into a rental agreement for the rent of an office building for the period of 5 years till 31 December 2019. The rent obligations are annually € 144.000.

Lease liability

The company entered into a lease for a car in 2013. The lease obligations are annually € 15.000.

NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2014/2015

3. Net turnover

The net turnover in 2014/2015 in relation to 2013/2014 decreased with 3.5%.

	2014/2015	2013/2014
	€	€

4. Wages, salaries and social security

Wages and salaries	901,310	767,859
Social security charges	99,020	69,146
Pension costs	38,622	42,491
Other labour costs	122,453	111,092
	1,161,405	990,588

Number of employees

The average number of employees during the year, converted into fulltime equivalents, amounts to 13 (2013/2014: 8).

Interest and similar income

Interest received	397	756
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Interest and similar expenses

Interest loan Alkaloida Chemical Company Zrt.	48,909	60,989
Bank charges	6,315	4,216
Exchange loss	54,352	42,365
	109,576	107,570

UNQUALIFIED INDEPENDENT AUDITOR'S REPORT

To: Board of directors of Sun Pharmaceutical Industries (Europe) B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended March 31, 2015 of Sun Pharmaceutical Industries (Europe) B.V., Hoofddorp, which comprise the balance sheet as at March 31, 2015, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the companies preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the companies internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Sun Pharmaceutical Industries (Europe) B.V. as at March 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Unaudited corresponding figures

We have not audited the financial statements for the year ended March 31, 2014. Consequently, we have not audited the corresponding figures included in the profit and loss account, in the statements of changes and in the related notes.

Amsterdam, May 7, 2015

Londen & Van Holland
Registeraccountants en Belastingadviseurs

w.g. C.J.H. Bijvoet RA

Appropriation of result according to articles of association

In Article 20 of the articles of association the following is stated concerning the appropriation of result:

- 1 The result of the period is to the free disposal of the Annual General Meeting;
- 2 The company shall make dividend distributions to shareholders and other parties entitled to the distributable profit only to the extent that the capital reserves exceed the paid-up and called-up share capital plus the statutory reserves;
- 3 Any dividend distribution will be made after the adoption of the annual report showing that it is permitted.

Appropriation of the result for the financial year 2013/2014

The annual report for 2013/2014 was adopted by the General Shareholders Meeting held on 9 May 2014. The General Shareholders Meeting has determined the appropriation of the result as it was proposed.

Proposed appropriation of the result for the financial year 2014/2015

The board of directors proposes to add the profit for 2014/2015 of € 330,402 to the other reserves. This proposal has been processed in the annual report in advance of the adoption by the General Shareholders Meeting.