

***SUN PHARMACEUTICAL PERU  
S.A.C.***

***FINANCIAL STATEMENTS  
AS ON DECEMBER 31, 2017***

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**REPORT OF INDEPENDENT AUDITORS**

**May 07, 2018**

**To the Shareholders and Directors  
SUN PHAMACEUTICAL PERU S.A.C.**

*We have audited the attached Balance Sheet of SUN PHARMACEUTICAL PERU S.A. as on December 31 of the 2017 with the related Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended; the arrangement of such Financial Statements are the Company's Management responsibility. Our responsibility is to express an opinion on these Financial Statements based on our audit.*

*Our audit was made in accordance with generally accepted Auditing Standards in Peru. Those standards require that we plan and perform our work in order to obtain reasonable guarantee that the Financial Statements are free of material misstatement. An audit includes an assessment based on selective evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles applied, and the significant estimates made by the Management; as well as evaluating an overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.*

***In our opinion, the attached Financial Statements present fairly, in all material respects, the financial position of the company SUN PHARMACEUTICAL S.A.C. as on December 31, 2017, the results of its operations and cash flows for the year then ended in accordance with the generally accepted Accounting Principles.***

Endorsed by:

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**GAMARRA ANTONIO MEDRANO N.**

**Certified Public Accountant  
Registration No. 232  
Registration No. 28787  
Independent Auditor**

**SUN PHARMACEUTICAL PERU SAC.**  
**STATE OF FINANCIAL SITUACION**

( Note : 1 to 4)

As of December 31, 2017

Expressed in Soles

	2017	2016	
	S/.	S/.	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Bank (note 05)	1,460	2,255	
Other Accounts Receivable	0	0	
Stocks ( note 08)	18		
<b>Total Current Assets</b>	<b>1,478</b>	<b>2,255</b>	
Property, plant and equipment ( Net of Accumulated Depreciation) ( note 07 ) other assets (note 6)	6,300	7,390	
<b>Total Non-current Assets</b>	<b>0</b>	<b>18</b>	
<b>TOTAL ASSETS</b>	<b>7,778</b>	<b>9,663</b>	
<b>CURRENT LIABILITY, DEFERRED PROFIT AND EQUITY</b>			
<b>CURRENT LIABILITY</b>			
Trade Accounts Payable (note 08 )	99,924	103,150	
Other Accounts Payable (note 09)	0	2,052	
<b>Total Current Liability</b>	<b>99,924</b>	<b>105,202</b>	
Miscellaneous Accounts Payable Related (note 10)	7,717,316	7,663,634	
<b>TOTAL LIABILITY (note 11)</b>	<b>7,817,240</b>	<b>7,663,634</b>	
<b>EQUITY</b>			
Equity Capital	1,500	1,500	
Retained Earnings	-7,810,962	-7,760,673	
<b>TOTAL EQUITY</b>	<b>-7,809,462</b>	<b>-7,759,173</b>	
<b>TOTAL LIABILITY, DEFERRED PROFIT AND EQUITY</b>	<b>7,778</b>	<b>9,663</b>	

The accompanying notes are an integral part of the Financial Statements

# SUN PHARMACEUTICALPERU SAC.

## INCOME STATEMENT

NOTES 1 AND 2

For the years ended as on December 31, 2017

Expressed in Soles

	<u>2017</u>	<u>2016</u>
	S/.	S/.
Net Sales		
To third parties	-	-
To subsidiaries (or head office) and affiliates		
Other operations by discount and rebate	-	-
To third parties		
To subsidiaries (or head office) and affiliates		
<b>TOTAL GROSS INCOME</b>	<u>-</u>	<u>-</u>
<b>Sales Cost</b>		
To third parties	-	-
To subsidiaries (or head office) and affiliates		
<b>GROSS PROFIT</b>	<u>-</u>	<u>-</u>
Sales Expenses	(16,051)	(1,030,750)
Administration Expenses	(8,320)	(90,202)
<b>RESULTS FROM OPERATIONS</b>	<u>(24,371)</u>	<u>(1,120,952)</u>
<b>Other income and expenses</b>		
Dividends	-	-
Financial income	-	81,891
Financial expenses	(1,338)	
Other expenses		
<b>PROFITS BEFORE PARTICIPATION IN PROFITS &amp; DEDUCTIONS AND INCOME TAX</b>	<u>(24,580)</u>	<u>(315,112)</u>
Employee Participation	-	-
Income Tax	-	-
<b>PROFITS BEFORE EXTRAORDINARY ITEMS</b>	<u>(50,289)</u>	<u>(1,354,173)</u>
Extraordinary items, net income tax ( applicable of S/.....previous year S/..... )	-	-
<b>PROFIT (OR LOSS) FOR THE YEAR</b>	<u>(50,289)</u>	<u>(1,354,173)</u>

The accompanying notes are part of the Financial Statements

**SUN PHARMACEUTICAL PERU SAC.**

**STATEMENT OF CHANGES IN EQUITY**

For the years ended as on December 31, 2017

**NOTES 1 and 2**

Expressed in Soles

	Equity Capital	Additional Capital	Revaluation Surplus	Retained Earnings	Legal Reserves	TOTAL
	S/.	S/.	S/.	S/.	S/.	S/.
<b>Operating balance as on January 1, 2016</b>	1,500	0	0	-6,406,500	0	-6,405,000
Prior year adjustments	0			0		0
Accumulated Reserves	0			0		0
Application of transfers to deferred charges	0			0		0
Capitalization of equity items	0			0		0
Complementing cash contribution	0			0		0
Net Income (Loss) Net of the previous year	0			0		0
Net Income (Loss) for the period	0			-1,354,173		-1,354,173
Cancellation of subscribed and unpaid shares	0			0		0
<b>BALANCE AS ON DECEMBER 31, 2016</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>-7,760,673</b>	<b>0</b>	<b>-7,759,173</b>
<b>Operating balance as on January 1, 2017</b>	1,500			-7,760,673	0	-7,759,173
Prior year adjustments	0			0		0
Accumulated Reserves	0			0		0
Application of transfers to deferred charges	0			0		0
Capitalization of equity items	0			0		0
Complementing cash contribution	0			0		0
Net Income (Loss) Net of the previous year	0			0		0
Net Income (Loss) for the period	0			-50,289		-50,289
Cancellation of subscribed and unpaid shares	0			0		0
<b>BALANCE AS ON DECEMBER 31, 2017</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>-7,810,962</b>	<b>0</b>	<b>-7,809,462</b>

The accompanying notes are an integral part of the Financial Statements

**SUN PHARMACEUTICAL PERU SAC.**

**Statement of Cash Flows ( Note 2 )**

*For the years ended as on December 31, 2017*

*Expressed in Soles*

	<b>2017</b>	<b>2016</b>
	<b>S/.</b>	<b>S/.</b>
<b>OPERATING ACTIVITIES</b>		
Collection	-	96,916
Other incomes	-	1,126
Payments to suppliers	-	-72,955
Payments to employees and social benefits	-	-
Tax payments	-	-
Interest payments and maintenance	-	-
Other payments related to the activity	-	-1,354,173
<b>Net cash provided by operating activities</b>	<b>-</b>	<b>-1,329,086</b>
<b>INVESTING ACTIVITIES</b>		
Sales of furniture and equipment	-	-
Purchase of other assets	-	-
Purchase of furniture and equipment	-	-
<b>Net Cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Increased related loans	-	1,208,977
Bank loan amortization	-	-
<b>Net cash provided by (used in) financial activities</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>1,208,977</b>
(Net decrease) increase in cash	0	-66,216
Cash balance at the beginning of year	2,255	68,471
<b>Cash balance at the end of the year</b>	<b>2,255</b>	<b>2,255</b>

The accompanying notes are part of the Financial Statements

# SUN PHARMACEUTICAL PERU S. A.C.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 03. OBJECTIVE, ACTIVITIES AND LEGAL ASPECT

SUN PHARMACEUTICAL PERU S.A.C. was incorporated on June 27, 2006 in compliance with the legal formalities and in accordance with the General Law of Commercial Companies duly registered on the Register of Legal Entities of Lima, on January 27, 2006 on item No. 11703068 and amendments.

The main activity of the company is devoted to the commercialization of pharmaceutical products.

Within the corporate purpose, acts related to the activities described in the preceding paragraphs that contribute to its goals achievement are included. To comply with the corporate purpose, the company may perform all legal acts and contracts without restriction or limitation

The activity of SUN PHARMACEUTICAL PERU S.A.C. is governed by the New General Law of Commercial Companies and as provided in the ARTICLES and rules of incorporation and amendments.

### 04. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting principles and policies applied for registration of operations and arrangement of Financial Statements are as follows:

- a) The preparation and Financial Statements in accordance with generally accepted accounting principles in Peru, requires Management to make estimates and assumptions to determine the amounts of assets and liabilities and the amounts of revenues and expenses, and of contingent assets and liabilities at the date of the financial statements. If these estimates and assumptions vary in the future as a result of changes in circumstances and conditions under which they were based, the effect of such changes is recognized in profit or loss at the time such changes are identified and their effects. The main estimates related to financial statements correspond: i) estimate of allowance for doubtful accounts; ii) allowances for impairment of inventories; iii) estimate of useful life assigned to property, plant and equipment; iv) the recoverability of income tax.



- b) Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment, if any. The initial cost comprises its purchase price, and any other costs directly attributable to locating and rendering the assets fit to use. Disbursements incurred after assets have been put to use, such as repairs and the cost of maintenance and refurbishment are charged to results of period in which the costs are incurred. If it can be demonstrated clearly that such disbursement will result in future benefits deriving from use assets beyond their original performance standard, these are capitalized as an additional cost to assets. Repairs and maintenance costs are recognized in the results of period as incurred. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss when the asset is derecognized.
- c) Foreign currency transactions: Functional currency and presentation currency, Company prepares and presents its financial statements in Soles, which corresponds to its functional currency. The functional currency corresponds to primary economic environment in which the Company operates. Transactions and balances, transactions in currencies other than the functional currency are translated into the functional at the exchange rate prevailing at the date of the transactions. Differences due to adjustment of balances of assets and liabilities in foreign currencies, recorded at exchange rate when operations arise and exchange rate at the date of balance sheet are recognized in the results of period.

**05. CASH AND BANKS.**

This item consists of:

AS ON DECEMBER 31  
In Soles

<u>DETAIL</u>	<u>2017</u>	<u>2016</u>
Bank	<u>1,460</u>	<u>2,255</u>
	<u>1,460</u>	<u>2,255</u>

**06. OTHER CURRENT ASSETS**

*This item includes:*

AS ON DECEMBER 31  
In Soles

**DETAIL**

**2017      2016**

*Tax payments to institutions:*

Income Tax	<u>18</u>	<u>18</u>
	<u>18</u>	<u>18</u>

**07. PROPERTY, PLANT AND EQUIPMENT**

*An important part of the Financial Statements consists of:*

AS ON DECEMBER 31  
In Soles

TYPE OF ASSETS	COSTS	CUMULATIVE DEPRECIATION	NET VALUE	NET VALUE
Transport Units	0	0	0	0
Various equipment	<u>10,901</u>	<u>-4,601</u>	<u>6,300</u>	<u>7,390</u>
	<u>10,901</u>	<u>-4,601</u>	<u>6,300</u>	<u>7,390</u>

**8. TRADE ACCOUNTS PAYABLE**

Formed by:

AS ON DECEMBER 31  
 In Soles

<u>DETAIL</u>	<u>2017</u>	<u>2016</u>
Bills payable in national currency	<u>99,924</u>	<u>103,150</u>
	<u>99,924</u>	<u>103,150</u>

**9. OTHER MISCELLANEOUS ACCOUNTS PAYABLE**

This item consists of:

AS ON DECEMBER 31  
 In Soles

<u>DETAIL</u>	<u>2017</u>	<u>2016</u>
Allowance payable:		
Tax payable	0	2,052
trade accounts payable	0	0
Compensation and interest payable	<u>0</u>	<u>0</u>
	<u>0</u>	<u>2,052</u>

## 10. MISCELLANEOUS ACCOUNTS PAYABLE

Formed by:

<u>DETAIL</u>	AS ON DECEMBER 31	
	In Soles	
	<u>2016</u>	<u>2016</u>
<i>Third Party Accounts:</i>		
Miscellaneous Accounts Payable	0	0
Miscellaneous Accounts Payable Related	<u>7'717,316</u>	<u>7'663,634</u>
	<u><u>7'717,316</u></u>	<u><u>7'663,634</u></u>

## 11. EQUITY

Formed by:

<u>DETAIL</u>	AS ON DECEMBER 31	
	In Soles	
	<u>2017</u>	<u>2016</u>
Equity Capital	1,500	1,500
Retained Earnings	-7'760,673	-6'406,500
Net Income for the Year	<u>-50,289</u>	<u>-1'354,173</u>
	<u><u>-7'809,462</u></u>	<u><u>-7'759,173</u></u>

At the time of its founding of the Company in 2006, it was incorporated with a capital of S/. 1,500.00 soles, which after the adjustment of its accounting formalization, according to the general balance of 2017, the capital stock was made up of S/. 1,500.00 soles, representing 150 units of common shares and a nominal value of a new sol (S/. 10.00) per share.

According to the general balance sheet for 2017, the capital stock is made up of S/. 1,500.00 soles, which are represented in 150 units of common stock and a nominal value of one sol (S/. 10.00) per share. Because the Company has had losses from the period 2016 and 2015, its equity is shown in negative expecting the third year to be positive.

## 12. INCOME TAX

*Through the Consolidated Text of the Law on Income Tax, Supreme Decree No. 179-2004-EF and amendments, rules are established as approved by Supreme Decree No. 054-99-EF, hereinafter TUO, and related standards regulating the Income Tax, as amended by Law No. 27356, 27386 and 27394 and Law No. 27513 and Law No. 27615. This standard has been regulated by Supreme Decree No. 122-94-EF, modified by SD 194-99-EF and S.D. 045-2001-EF. That with Superintendency Resolution No. 011-2018 / SUNAT, provisions and forms for the annual sworn declaration of income tax are approved.*