

**SUN PHARMA EGYPT LIMITED (L.L.C.)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
TOGETHER WITH AUDITOR'S REPORT**

SUN PHARMA EGYPT LIMITED (L.L.C.)
Financial statements
For the year ended 31 March 2018

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AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN PHARMA EGYPT LIMITED (L.L.C.)

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA EGYPT LIMITED (L.L.C.)**, represented in the statement of financial position as of 31 March 2018, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 professional 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 entity's 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 entity's 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 on those financial statements.

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **SUN PHARMA EGYPT LIMITED (L.L.C.)**, as of 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.



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Report on other legal and regulatory requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the General Manager's Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein

SUN PHARMA EGYPT LIMITED (L.L.C.)

STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2018

	Note	31/3/2018 LE	31/3/2017 LE
Assets			
Noncurrent assets			
Fixed assets	(3)	57,371,621	62,150,900
Intangible assets	(4)	1,836,735	-
Projects under construction	(5)	-	7,838
Due from related parties	(6-1)	2,173,000	2,173,000
Total noncurrent assets		61,381,356	64,331,738
Current assets			
Inventory	(8)	29,401,698	22,922,084
Trade and notes receivable	(9)	31,677,344	36,152,623
Due from related parties	(6-1)	2,411,423	2,010,101
Prepayments and other receivables	(10)	3,633,258	4,704,987
Cash on hand and at banks	(11)	25,169,593	5,265,706
Total current assets		92,293,316	71,055,501
TOTAL ASSETS		153,674,672	135,387,239
EQUITY AND LIABILITIES			
Equity			
Paid up capital	(14)	4,851,000	4,851,000
Subordinated loan - shareholder	(19)	126,881,760	91,481,760
Legal reserve		961,105	961,105
Accumulated (deficit)		(22,015,015)	(3,172,687)
(Losses) for the year		(5,107,027)	(18,842,328)
Total equity		105,571,823	75,278,850
LIABILITIES			
Non-current liabilities			
Deferred tax Liability	(7)	3,785,026	2,510,138
Total non-current liabilities		3,785,026	2,510,138
Current liabilities			
Provisions	(12)	2,373,492	1,757,026
Trade payable		4,179,674	2,974,547
Due to related parties	(6-2)	27,164,277	45,157,130
Accrued expenses and other payables	(13)	10,600,380	7,709,548
Total current liabilities		44,317,823	57,598,251
TOTAL LIABILITIES		48,102,849	60,108,389
TOTAL LIABILITIES AND EQUITY		153,674,672	135,387,239

Financial Manager
Parmesh Adarkar

General Manager
Dr. Hany Mashaal

- The accompanying notes from (1) to (22) are an integral part of these financial statements.
- Auditor's report "attached".

SUN PHARMA EGYPT LIMITED (L.L.C.)

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Note	31/3/2018 LE	31/3/2017 LE
Sales	(15)	98,242,799	66,820,694
Cost of sales	(16)	(50,445,370)	(34,397,391)
GROSS PROFIT		47,797,429	32,423,303
Selling and marketing expenses		(27,219,384)	(14,151,913)
General and administrative expenses		(15,850,164)	(13,561,278)
Other operating expenses	(17)	(10,396,704)	(10,581,662)
Provisions	(12)	(772,776)	(541,142)
Impairment in value of accounts receivable	(9)	(513,208)	(151,758)
Reversal of impairment in value of accounts receivable	(9)	289,555	-
Impairment in value of prepayments and other receivables		(14,683)	-
Foreign exchange differences		2,074,991	(10,391,385)
Credit Interest		772,805	298,540
Finance expenses		-	(1,327,832)
(LOSSES) BEFORE INCOME TAXES		(3,832,139)	(17,985,127)
Income taxes	(7)	(1,274,888)	(857,201)
(LOSSES) FOR THE YEAR		(5,107,027)	(18,842,328)

Financial Manager

Parmesh Adarkar

General Manager

Dr. Hany Mashaal

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

SUN PHARMA EGYPT LIMITED (L.L.C.)

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 March 2018

	31/3/2018	31/3/2017
(LOSSES) FOR THE YEAR	(5,107,027)	(18,842,328)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE (LOSS)	<u>(5,107,027)</u>	<u>(18,842,328)</u>

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

SUN PHARMA EGYPT LIMITED (L.L.C.)

STATEMENT OF CHANGES IN EQUITY

For The year ended 31 March 2018

	Capital	Subordinated loans- shareholders	Legal reserve	Accumulated (deficit)	(Losses) for the year	Total
	LE	LE	LE	LE	LE	LE
Balance as of 1 April 2016	4,851,000	-	961,105	15,910,608	(19,083,295)	2,639,418
Transferred to accumulated deficit	-	-	-	(19,083,295)	19,083,295	-
Subordinated loans-shareholders (Note 18)	-	91,481,760	-	-	-	91,481,760
Losses for the year	-	-	-	-	(18,842,328)	(18,842,328)
Balance as of 31 March 2017	4,851,000	91,481,760	961,105	(3,172,687)	(18,842,328)	75,278,850
Transferred to accumulated deficit	-	-	-	(18,842,328)	18,842,328	-
Subordinated loans-shareholders (Note 18)	-	35,400,000	-	-	-	35,400,000
Losses for the year	-	-	-	-	(5,107,027)	(5,107,027)
Balance as of 31 March 2018	4,851,000	126,881,760	961,105	(22,015,015)	(5,107,027)	105,571,823

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

SUN PHARMA EGYPT LIMITED (L.L.C.)

STATEMENT OF CASH FLOWS For The year ended 31 March 2018

	Note	31/3/2018 LE	31/3/2017 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
(Losses) before income taxes		(3,832,139)	(17,985,127)
Depreciation of fixed assets	(3)	6,144,586	4,903,878
Impairment in value of expired and slow moving inventory	(8)	3,487,090	2,689,452
Reversal of impairment in value of inventory	(9)	(1,416,177)	(758,135)
Impairment in value of accounts receivable	(9)	513,208	151,758
Reversal of Impairment in value of accounts receivable	(9)	(289,555)	-
Impairment in value of prepayments and other debit balances	(10)	14,683	-
Credit Interest		(772,805)	(298,540)
Provisions	(12)	772,776	541,142
		<u>4,621,667</u>	<u>(10,755,572)</u>
Change in inventory	(8)	(7,087,362)	(10,805,008)
Change in trade and notes receivable	(9)	4,251,627	(29,087,291)
Change in prepayments and other receivables	(10)	1,057,046	(3,944,633)
Change in due from related parties	(6-1)	(401,322)	(1,991,389)
Change in trade and notes payable		1,205,127	2,069,680
Change in due to related parties	(6-2)	(17,992,853)	27,437,980
Change in accrued expenses and other payables	(13)	2,890,832	3,585,698
CASH FLOWS (USED IN) OPERATING ACTIVITIES		<u>(11,455,238)</u>	<u>(23,490,535)</u>
Provisions used		<u>(1,619,476)</u>	<u>(134,358)</u>
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		<u>(13,073,820)</u>	<u>(23,624,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(3)	(1,357,469)	(9,549,556)
Payments to acquire intangible assets	(4)	(1,836,735)	-
Interest income received		772,805	298,540
Payments for projects under construction	(5)	-	(7,838)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(2,421,399)</u>	<u>(9,258,854)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of long term loan from related parties	(6-2)	<u>35,400,000</u>	<u>33,762,085</u>
NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		<u>35,400,000</u>	<u>33,762,085</u>
CHANGE IN CASH AND CASH EQUIVALENTS-DURING THE YEAR		<u>19,903,887</u>	<u>878,338</u>
Cash and cash equivalent – beginning of the year		<u>5,265,706</u>	<u>4,387,368</u>
CASH AND CASH EQUIVALENT – END OF THE YEAR	(11)	<u>25,169,593</u>	<u>5,265,706</u>

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

1 BACKGROUND

Sun Pharma Egypt (L.L.C.) is an Egyptian Limited Liability Company established under the Egyptian Law no. 159 of 1981 and its executive regulations.

The company's duration is 25 years starting from the date of registration in the commercial registry.

The company is a subsidiary of Sun Pharma Netherlands, which is considered the major shareholder with a share of 99.9%.

The company was located at 3 Ahmed Nessim St., Giza, Egypt.

According to the Extraordinary General Assembly dated 31 December 2016, the company's shareholders approved the change of the main office location to be number 47 street number 270, Albasaten, New Maadi.

The company is registered in the commercial registry in Cairo under no. 103501 on 22 January 1996. The company's legal domicile is in Cairo – Arab Republic of Egypt.

According to the Extraordinary General Assembly dated 10 December 2013 the financial year end was changed from 31 December to 31 March for each year.

According to the Extraordinary General Assembly dated 15 January 2018 the company name was changed from Ranbaxy Egypt Company (L.L.C.) to be Sun Pharma Limited (L.L.C.) 31 December to 31 March for each year.

The principal activities of the company are:

1. Constructing, managing and operating pharmaceutical industries and medical raw material.
2. Manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials.
3. Handling all exporting matters
4. Manufacturing for others and at others premises.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

The financial statements are prepared under the going concern assumption on a historical cost basis.

The financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency.

STATEMENT OF COMPLIANCE

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

The accounting policies adopted this year are consistent with those of the previous year.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

2-2-1 Judgments

Revenue recognition for sale of goods

In making their judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in "EAS 11 Revenue", and, in particular, whether the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually upon the delivery of the goods and the issuance of an invoice.

2-2-2 Estimates

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis. Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

Useful lives of fixed assets

The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES

2-3 -1 Foreign currency translation

Transactions in foreign currencies are initially recorded using the exchange rates prevailing that on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the statement of financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

2-3-2 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the building, plant, and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the building, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Machinery and equipment	5-10
Building	25
Tools and furniture	10
Office equipment	3-10
Leasehold improvements	Lower of estimated useful life or actual rent period

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each statement of financial position date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2-3-3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired, the amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at each financial year end.

2-3-4 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost less impairment.

2-3-5 Inventory

Inventory is valued at the lower of cost (using the moving average method) or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value shall be recognized in cost of sales in the statement of profit or loss in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of profit or loss in the period in which the reversal occurs.

2-3-6 Accounts and other receivables

Accounts receivable and other receivables are stated at original invoice amount net of any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the period in which it occurs.

2-3-7 Accounts and notes payable, accrued expenses and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2-3-8 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation, and reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

2-3-9 Social insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2-3-10 Employees' retirements benefits

The company contributes to the social insurance scheme for the benefits of its employees in pursuance of the Social Insurance Law No. 79 of 1975 as amended. Contributions are charged to expenses as incurred.

2-3-11 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

2-3-12 Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the statement of financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of profit or loss.

2-3-13 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the statement of financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

2-3-14 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, usually on delivery of the goods.

Interest income

Interest income is recognized on the basis of the proportion of time taking into account the effective rate of return on the asset.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2-3-15 Expenses

All operating expenses are accounted for including general and administrative costs, and are all included in the statement of profit or loss for the period in which they are incurred.

Some administrative, general and marketing are divided between Sun Pharma Limited. and Rexcel Egypt by average of 99% and 1% respectively.

These expenses serve both companies according to present agreements.

2-3-16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-3-17 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the board of directors.

2-3-18 Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2-3-19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2-3-20 Impairment

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non financial assets

The Company assesses at each statement of financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

2-3-21 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

2-3-22 Cash and cash equivalent

For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balances.

2-3-23 SEGMENT INFORMATION

Currently the Company's main business segment is manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials. The company's revenues during the year ended 31 March 2018 were reported under one segment in the separate financial statements.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

3 FIXED ASSETS

Cost	Land LE	Building LE	Machinery and Equipment LE	Tools and Furniture LE	Office Equipment LE	Leasehold Improvements LE	Total LE
As of 1 April 2017	5,508,989	21,367,162	39,237,600	3,565,443	935,497	100,343	70,715,034
Additions	-	-	838,758	248,283	270,428	-	1,357,469
Transferred from projects under construction	-	-	7,838	-	-	-	7,838
As of 31 March 2018	5,508,989	21,367,162	40,084,196	3,813,726	1,205,925	100,343	72,080,341
Accumulated depreciation							
As of 1 April 2017	-	(1,286,778)	(5,743,642)	(623,723)	(809,648)	(100,343)	(8,564,134)
Depreciation for the year	-	(854,688)	(4,840,747)	(357,173)	(91,978)	-	(6,144,586)
As of 31 March 2018	-	(2,141,466)	(10,584,389)	(980,896)	(901,626)	(100,343)	(14,708,720)
Net book value as of 31 March 2018	5,508,989	19,225,698	29,499,807	2,832,828	304,299	-	57,371,621
Net book value as of 31 March 2017	5,508,989	20,080,384	33,493,958	2,941,720	125,849	-	62,150,900

- The depreciation of fixed assets are charged as follows:

	31/3/2018 LE	31/3/2017 LE
General and administrative expenses	69,476	39,420
Other operating expenses	6,075,110	4,864,458
Total	6,144,586	4,903,878

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2018

FIXED ASSETS CONTINUE

Cost	Land LE	Building LE	Machinery and Equipment LE	Tools and Furniture LE	Office Equipment LE	Leasehold Improvements LE	Total LE
As of 31 March 2016	5,508,989	21,367,162	29,924,859	3,399,415	864,710	100,343	61,165,478
Additions	-	-	9,312,741	166,028	70,787	-	9,549,556
As of 31 March 2017	5,508,989	21,367,162	39,237,600	3,565,443	935,497	100,343	70,715,034
Accumulated depreciation							
As of 31 March 2016	-	(432,092)	(2,092,132)	(294,716)	(740,973)	(100,343)	(3,660,256)
Depreciation for the year	-	(854,686)	(3,651,510)	(329,007)	(68,675)	-	(4,903,878)
As of 31 March 2017	-	(1286,778)	(5,743,642)	(623,723)	(809,648)	(100,343)	(8,564,134)
Net book value as of 31 March 2017	5,508,989	20,080,384	33,493,958	2,941,720	125,849	-	62,150,900
Net book value as of 31 March 2016	5,508,989	20,935,070	27,832,727	3,104,699	123,737	-	57,505,222

- The depreciation of fixed assets are charged as follows:

	31/3/2017 LE	31/3/2016 LE
General and administrative expenses	39,420	45,125
Other operating expenses	4,864,458	2,470,056
Total	4,903,878	2,515,181

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

4 INTANGIBLE ASSETS

	Product license EGP
Cost	
As of 1 January 2017	-
Additions	<u>1,836,735</u>
As of 31 December 2016	<u>1,836,735</u>

5 PROJECT UNDER CONSTRUCTION

	31/3/2018	31/3/2017
	LE	LE
Beginning Balance	7,838	-
Additions during the year	-	7,838
Transfers to fixed assets	<u>(7,838)</u>	<u>-</u>
Ending Balance	<u>-</u>	<u>7,838</u>

6 DUE FROM / TO AND RELATED PARTIES

6-1 Due from related parties

	31/3/2018	31/3/2017
	LE	LE
Current		
Rexcel Egypt (Loan) Accrued interest	18,712	35,613
Rexcel Egypt	<u>2,392,711</u>	<u>1,974,488</u>
	<u>2,411,423</u>	<u>2,010,101</u>
Non Current		
Rexcel Egypt (L.L.C) (Loan Principal)*	<u>2,173,000</u>	<u>2,173,000</u>
	<u>2,173,000</u>	<u>2,173,000</u>

*This amount represents a loan granted to Rexcel Egypt with an amount of LE 1,650,000 as per the contract dated 28 December 2009, with an annual fixed interest rate of 10%, and another loan with an amount of L.E. 523,000 as per the contract dated June 2010, with an annual fixed interest rate of 10%.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

6-2 Due to related parties

	31/3/2018	31/3/2017
	LE	LE
Current		
Sun Pharma Netherland (loan accrued interest)	4,031,466	4,236,455
Sun Pharma Laboratories Limited (India)	<u>23,132,811</u>	<u>40,920,675</u>
	<u>27,164,277</u>	<u>45,157,130</u>

* A loan facility granted from Sun Pharma Netherlands B.V with a total amount of USD 6,500,000. The company received the full amount USD 6,500,000 (Equivalent to LE 57,719,675) at the statement of financial position date (31 March 2015: USD 6,500,000 Equivalent to LE 49,595,650). The loan bears interest at the six monthly US Dollar LIBOR plus 250bp (2.5%) p.a. on the principal amount outstanding.

*An additional amount was received from Sun Pharma Netherlands B.V according to loan agreement dated 4th April 2016 amounted USD 3,802,000 (Equivalent to LE 33,762,085). The loan bears interest at the three monthly US Dollar LIBOR plus 125bp (1.25%) p.a. on the principal amount outstanding.

*During year 2016 the above mentioned loans had been transferred to subordinated loans. (Note 18).

7 INCOME TAXES

	31/3/2018	31/3/2017
	LE	LE
Deferred tax	<u>1,247,888</u>	857,201
	<u>1,247,888</u>	<u>857,201</u>

(A) Deferred income taxes

	Statement of Financial position		Statement of profit or loss	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
	LE	LE	LE	LE
Depreciation of fixed assets	(4,677,700)	(3,266,069)	1,411,631	(305,170)
Carry Forward tax losses	-	-	-	1,813,623
Impairment in value of inventory	<u>892,674</u>	<u>755,931</u>	<u>(136,743)</u>	<u>(651,252)</u>
Net deferred income tax Assets (liabilities)	<u>(3,785,026)</u>	<u>(2,510,138)</u>	<u>1,274,888</u>	<u>857,201</u>

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

(B) Reconciliation of effective tax rate

	31/3/2018	31/3/2017
	LE	LE
(Losses) before income taxes	(3,832,139)	(17,985,127)
Depreciation of fixed assets	(2,491,136)	(4,152,678)
Provision	772,776	541,142
Unrealized foreign exchange difference	(1,896,992)	10,273,588
Impairment in value of account receivables	527,891	151,758
Write do impairment n in value of inventory	3,487,090	2,689,451
Reversal of impairment in value of inventory	(1,416,177)	(889,869)
Reversal of impairment in value of accounts receivables	(289,555)	-
Sales return during the year	-	174,680
Provision used	(156,310)	(29,628)
Nondeductible expenses	117,586	487,448
Realized f foreign exchange difference from prior year	(4,121,246)	(1,413,845)
Credit Interest	-	1,069,712
Taxable (losses)	<u>(9,298,212)</u>	<u>(9,083,368)</u>

8 INVENTORY

	31/3/2018	31/3/2017
	LE	LE
Raw and packing materials	10,298,643	8,424,362
Goods in transit	1,175,717	3,925,921
Work in progress	5,096,406	8,402,643
Finished Goods	15,015,157	3,750,885
Expired Goods	1,783,215	1,777,965
	<u>33,369,138</u>	<u>26,281,776</u>
Impairment in value of inventory	<u>(3,967,440)</u>	<u>(3,359,692)</u>
	<u>29 401 698</u>	<u>22,922,084</u>

- The amount of write down/reversal of write down of inventory is included in the cost of sales (note 15).

- The Movement in the impairment in value of Inventory during the year is as follows:

	write down in value of inventory- slow moving	write down t in value of inventory - expired goods	Total
	LE	LE	LE
Balance as of 31 March 2017	1,581,727	1,777,965	3,359,691
Charged during the year	1,949,066	1,538,024	3,487,090
Used during the year	-	(1,463,165)	(1,463,165)
No longer required	(1,346,567)	(69,610)	(1,416,177)
Balance as of 31 March 2018	<u>2,184,225</u>	<u>1,783,215</u>	<u>3,967,440</u>

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

9 TRADE AND NOTES RECEIVABLE

	31/3/2018	31/3/2017
	LE	LE
Trade receivable	32,207,585	25,501,249
Notes receivable	-	10,957,962
	<u>32,207,585</u>	<u>36,459,211</u>
Impairment in value of trade and notes receivable	(530,241)	(306,588)
	<u>31,677,344</u>	<u>36,152,623</u>

The movement in the impairment in value of trade and notes receivables during the year is as follows:

	31/3/2018	31/3/2017
	LE	LE
Beginning balance	306,588	154,830
Charged during the year	513,208	151,758
No longer required	(289,555)	-
Ending Balance	<u>530,241</u>	<u>306,588</u>

10 PREPAYMENTS AND OTHER RECEIVABLES

	31/3/2018	31/3/2017
	LE	LE
Imprest funds and advances	419,952	659,952
Prepaid expenses	337,036	97,133
Advances to suppliers	720,262	2,786,048
Deposits with others	157,150	157,150
Tax authority – withholding taxes	1,800,583	1,222,824
Other receivables	573,287	142,209
	<u>4,008,270</u>	<u>5,065,316</u>
Impairment in value of other receivables	(375,012)	(360,329)
	<u>3,633,258</u>	<u>4,704,987</u>

The movement in the impairment in value of accounts receivables during the is as follows:

	31/3/2018	31/3/2017
	LE	LE
Beginning balance	360,329	360,329
Charged during the year	14,683	-
Ending Balance	<u>375,012</u>	<u>360,329</u>

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

11 CASH ON HAND AND AT BANK

	31/3/2018	31/3/2017
	LE	LE
a) Local Currency		
Cash on hand	3,791	279
Current accounts	<u>21,568,146</u>	<u>4,022,841</u>
	<u>21,571,937</u>	<u>4,023,120</u>
b) Foreign currency		
Cash on hand	1,160	1,160
Current accounts	<u>3,596,496</u>	<u>1,241,426</u>
	<u>3,597,656</u>	<u>1,242,586</u>
	<u>25,169,593</u>	<u>5,265,706</u>

12 PROVISIONS

	Balance as of 31 March 2017	Charged during the year	Used during the year	Balance as of 31 March 2018
	LE	LE	LE	LE
Provisions for expected claims	<u>1,757,026</u>	<u>772,776</u>	<u>(156,310)</u>	<u>2,373,492</u>
	1,757,026	772,776	(156,310)	2,373,492

13 ACCRUED EXPENSES AND OTHER PAYABLES

	31/3/2018	31/3/2017
	LE	LE
Accrued expenses	9,648,352	6,815,772
Tax authority – salaries taxes	276,577	204,889
Tax authority – withholding taxes	64,357	79,327
Tax authority – sales taxes	-	-
Social insurance authority	380,920	305,882
Medical stamp tax	187,884	268,136
Other payables	<u>42,290</u>	<u>35,542</u>
	<u>10,600,380</u>	<u>7,709,548</u>

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

14 CAPITAL

The company's authorized capital amounted to L.E 4,851,000 while the issued and paid up capital of the company amounts to L.E 4,851,000 divided over 48510 quotas of par value L.E 100 each.

	Number of quota	LE	Percentage
Ranbaxy (Netherlands) B.V	48,460	4,846,000	99.9%
Ranbaxy (UK) limited	50	5,000	0.1%
	<u>48,510</u>	<u>4,851,000</u>	<u>100%</u>

According to the Extraordinary General Assembly dated 15 January 2018 the capital of the company and its distribution among partners was changed according to the following.

	Number of quota	LE	Percentage
Sun Pharma (Netherlands) B.V	48,460	4,846,000	99.9%
Ranbaxy (UK) limited	50	5,000	0.1%
	<u>48,510</u>	<u>4,851,000</u>	<u>100%</u>

15 SALES

	31/3/2018	31/3/2017
	LE	LE
Sales	153,108,596	103,194,186
Less:		
Allowable discounts	<u>(54,865,797)</u>	<u>(36,373,492)</u>
	<u>98,242,799</u>	<u>66,820,694</u>

16 COST OF SALES

	31/3/2018	31/3/2017
	LE	LE
Cost of goods sold	46,733,775	31,644,139
Direct production expenses	1,455,933	650,130
Product registration charges	94,649	142,708
Impairment in value of inventory (Note 7)	3,487,090	2,689,452
Reversal of write down in value of inventory (Note 7)	<u>(1,416,177)</u>	<u>(758,135)</u>
Other expenses	90,100	29,097
	<u>50,445,370</u>	<u>34,397,391</u>

17 OTHER OPERATING EXPENSES

	31/3/2018	31/3/2017
	LE	LE
Payroll and relating expenses	3,664,618	2,853,176
Depreciation	6,075,110	4,864,458
Other operating expenses	656,976	2,864,028
	<u>10,396,704</u>	<u>10,581,662</u>

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

18 TAXE SITUATION

18-1 Corporate Tax

- The company's books were inspected from inception till year 2004, and the taxes due were paid
- No tax inspection took place for the company's records for the years from 2005 till year 31 March 2017.

18-2 Salary Tax

- The company's records were inspected from inception till years 2004 and the taxes due were paid.
- The company's records were inspected from years 2005 till 2011. The Company objected on the assessment and the issue is currently in the Internal Committee.
- No tax inspection took place for the Company's records for the years 2012 till year 31 March 2017.

18-3 Sales Tax - Value Added Tax

- The company's records were inspected from inception till year 2016 and the taxes due were paid.
- No tax inspection took place for the company's records for the years from 2016 till year 31 March 2017.

18-4 Stamp Tax

- The company's records were inspected since inception till March 2015 and the taxes due were paid
- No tax inspection took place for the company's records from April 2015 till year 31 March 2017.

18-5 Property Tax

- No tax inspection took place for the company's records since inception till 31 March 2017.

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

19 RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Related party balances:

	Nature of transaction	31/3/2018 LE	31/3/2017 LE
Sun Pharma Laboratories Limited (India)	Purchase of raw materials	19,012,726	23,147,087
Rexcel company (Egypt)	Loan interest (Revenue)	220,318	220,318
	Expenses charged to Rexcel (Cross charge expenses)	234,370	1,518,560
Sun Pharma Limited Netherlands B.V	Loan interest	-	1,263,005

The related parties' transactions described above resulted in the following balances:

Due from related parties

	31/3/2018 LE	31/3/2017 LE
Current		
Rexcel Egypt (Loan) Accrued interest	18,712	35,613
Rexcel Egypt	2,392,711	1,974,488
	<u>2,411,423</u>	<u>2,010,101</u>
Non Current		
Rexcel Egypt (L.L.C) (Loan Principal)*	2,173,000	2,173,000
	<u>2,173,000</u>	<u>2,173,000</u>

Due to related parties

	31/3/2018 LE	31/3/2017 LE
Current		
Sun Pharma Netherland (loan accrued interest)	4,031,466	4,236,455
Sun Pharma Laboratories Limited (India)	23,132,811	40,920,675
	<u>27,164,277</u>	<u>45,157,130</u>

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

20 SUBORDINATED LOAN-SHAREHOLDER

During year 2016, the company has agreed with Sun Pharma Netherlands BV (major shareholder) to transfer the balance of the loans amounted to LE 91,481,760 (USD 10,302,000) to a subordinated loan effective from 1 October 2016.

During year 2017 the company received, another subordinated loan from Sun Pharma Netherlands BV (major shareholder) amounted to LE 35,400,000 (USD 2,000,000)

According to the above-mentioned loans granted from Sun Pharma Netherlands BV had been classified as equity instrument in the shareholders Equity in the financial position as a subordinated loan.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company has exposure to the following risks from its use of financial instruments:

- a) Credit risk,
- b) Market risk, and
- c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Head Quarter on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables

The customer credit risk is established by the Company's policies, procedures and controls relating to customer credit risk management. Credit quality of a customer assessed based on extensive credit rating scorecard and individual

credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual bases.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Head Quarter. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

SUN PIARMA EGYPT LIMITED (L.L.C.)

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31 March 2018

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity other than the profit impact stated below:

	31/3/2018		31/3/2017	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	15,389	+1%	2,935
	- 1%	(15,389)	- 1%	(2,935)
Financial liability	+1%	-	+1%	-
	- 1%	-	- 1%	-

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

		31/3/2018	
		Change in rate	Effect on profit before tax EGP
USD	(2,622,278)	+10%	(4,327,995)
	2,622,278	-10%	4,327,995
EUR	28,734	+10%	36,154
	(28,734)	-10%	(36,154)

SUN PHARMA EGYPT LIMITED (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

e) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local Company management supported by the headquarters. The Company's objective is to maintain a balance between continuity of funding and flexibility using bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	31 March 2018				Total
	Less than 3 Months	3 to 12 months	1 to 5 years	Over 5 years	
As at 31 March 2018					
Trade and other payables	1,107,473	3,097,190	-	-	4,204,663
Due to related parties	-	30,509,487	-	126,881,760	157,391,247
Total undiscounted financial liabilities	1,107,473	33,606,677	-	126,881,760	4,204,663

	31 March 2017				Total
	Less than 3 Months	3 to 12 months	1 to 5 years	Over 5 years	
As at 31 March 2017					
Trade and other payables	380,985	2,593,560	-	-	2,974,545
Due to related parties	-	59,022,537	-	91,481,760	150,504,297
Total undiscounted financial liabilities	380,985	61,616,097	-	91,481,760	153,478,842

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Company include cash at banks, accounts receivable, due from related parties, other receivables and other debit balances. Financial liabilities of the Company include interest-bearing loans and borrowings, accounts payable, accrued expenses and other payables, due to related parties.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.