GLENMARK PHARMACEUTICALS

ECUADOR S.A.

Financial Statements and Independent Auditor´s Compilation Report

At March 31, 2018

Free English Language Translation of Spanish Language Original

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taking you further

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FREE ENGLISH-LANGUAGE TRANSLATION OF SPANISH-LANGUAGE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND COMPILATION REPORT

INDEPENDENT AUDITOR'S COMPILATION REPORT

We have compiled the accompanyng financial statements of the GLENMARK PHARMACEUTICALS ECUADOR S.A., based on the information you have provided. These financial statements include the statement of financial position of GLENMARK PHARMACEUTICALS ECUADOR S.A., as at March 31, 2018, and the statement of comprehensive operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We performed this compilation engagement with the International Audit Standard on Related Services 4410 Compilation Engagements. We have effected additional procedures to validate the balances and to support the information related to the operations for the year ended March 31, 2018.

We have applied our experience in accounting and financial reporting to assist you in preparing and submitting these financial statements in accordance with International Financial Reporting Standards IFRS. We have complied with relevant ethical requirements, including the principles of integrity, objectivity, professional competence and due care.

These financial statements, the accuracy and integrity of the information used for compilation are the responsibility of the administration of GLENMARK PHARMACEUTICALS ECUADOR S.A.

Since a compilation engagement is not an assurance engagement, we are not require to verify the accuracy or completeness of the information provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on wether these financial statements are prepared in accordance with International Financial Reporting Standards "IFRS".

This report is intended for use by shareholders and manager´s "GLENMARK PHARMACEUTICALS ECUADOR S.A." and has been prepared for purposes of the Consolidated Financial Statements of Parent Company therefore cannot be used for other purposes without written consent to any person other than the aforementioned.

Quito, April 23, 2018

Russell Bedford

RUSSELL BEDFORD ECUADOR S.A.
R.N.A.E. No. 337

Ramiro Pinto F.
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Professional License No. 17-35

GLENMARK PHARMACEUTICALS ECUADOR S.A.

Statement of Financial Position
At March 31, 2018
(Expressed in United States dollars)

	Note	
Shareholder equity:		
Share capital	5	1,689,800
Accumulated results		(878,108)
Other comprehensive results		(51,321)
Total shareholder's equity		**760,371**
Assets and liabilities:		
Non-current assets:		
Gross block	6	129,868
Depreciation	6	(17,455)
Total non - current assets		112,413
Current assets:		
Inventories	7	550,012
Accounts receivable commercial and sundry debtors	8	731,959
Cash and cash equivalents	9	403,447
Prepaid expenses		1,295
Total current assets		1,686,713
Non-current liabilities:		
Employer retirement and eviction bonus	14	(67,311)
Total non - current liabilities		(67,311)
Current liabilities::		
Suppliers accounts payable	10	(191,187)
Related accounts payable	11	(609,929)
Current taxes payable	12	(10,935)
Provisions	13	(145,027)
Other accounts payable		(14,367)
Total current liabilities		(971,445)
Net assets		**760,371**

Mauricio Rivadeneira
Country Manager

Silvia Moreno
General Accountant

Alex Hernández
Financial Controller

The accompanying notes are an integral part of the financial statements.

GLENMARK PHARMACEUTICALS ECUADOR S.A.

Statement of Comprehensive Operations
For the year ended March 31, 2018
(Expressed in United States dollars)

	Note	
Icome:		
Sales	15	3,048,439
		3,048,439
Expenses:		
Cost of sales	16	1,252,524
Operating and selling expenses	17	2,656,568
Depreciation and amortisation	17	17,455
		3,926,547
Net loss		**(878,108)**

Mauricio Rivadeneira Country Manager	Silvia Moreno General Accountant	Alex Hernández Financial Controller

The accompanying notes are an integral part of the financial statements.

GLENMARK PHARMACEUTICALS ECUADOR S.A.

Statement of Cash Flows
For the year ended March 31, 2018
(Expressed in United States dollars)

Cash flow from operating activities:	
Commercial accounts receivable	2,394,655
Other current assets	(32,984)
Suppliers and other accounts payable	(2,530,331)
Payment to employees	(943,683)
Other cash income	152,170
Taxes paid	(195,512)
Net cash used in operating activities	(1,155,686)
Cash flow from investing activities:	
Additions of furniture and equipment	(129,868)
Net cash used in investing activities	(129,868)
Cash flow from financing activities:	
Cash contribution from of the shareholders	1,689,000
Net cash provided in investing activities	1,689,000
Net increase in cash and cash equivalents	403,447
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	403,447

Mauricio Rivadeneira	Silvia Moreno	Alex Hernández
Country Manager	General Accountant	Financial Controller

The accompanying notes are an integral part of the financial statements.

GLENMARK PHARMACEUTICALS ECUADOR S.A.

Statement of Changes in Shareholders' Equity
For the year ended March 31, 2018
(Expressed in United States dollars)

	Social capital	Contributions for future capitalizations	Accumulated results	Total
Balance at May 1, 2017	800	800,000	-	800,800
Transference to accumulated results	-	-	(878,108)	(878,108)
Contributions for future capitalizations		-	-	-
Increase in capital	1,689,000	(800,000)	-	889,000
Actuarial profit (loss)	-	-	(51,321)	(51,321)
Balance at March 31, 2018	1,689,800	-	(929,429)	760,371

Mauricio Rivadeneira
Country Manager

Silvia Moreno
General Accountant

Alex Hernández
Financial Controller

The accompanying notes are an integral part of the financial statements.

NOTA 1 – OPERATIONS AND ECONOMIC ENVIROMENT

Corporate Purpose

The Company was incorporated in Quito on March 10, 2017 with the corporate purpose of importing, distributing, buying, selling, manufacturing, marketing, commissioning, manufacturing, processing and exporting chemical, biological, pharmaceutical, cosmetic and hospital products. The products that commercialize the company are sold in the national market in private and public companies.

The main domicile of the Company is the city of Quito, Republic of Ecuador, and has major shareholders to Glenmark Pharmaceuticals Limited (Hindu Society) with 100% of participation.

Ecuadorian Economy

Ecuador's economy in 2017 has a relative stability due to higher oil revenues in the second half, due to the recovery in the price of oil, which according to projections of 2018 will remain in the price of month of December 2017.

In the second half of 2017 several of the measures adopted by the previous Government at the end of 2014 were concluded, among which are: (a) the establishment of maximum quotas for the importation of products from the commercial and industrial sectors; (b) the restriction of imports of certain products; (c) the establishment of additional tariffs (safeguards) on imports; (d) the increase of the Value Added Tax "VAT" from 12% to 14%, due to the effects of the earthquake of April 2017, these elements, the signing of the Agreement with the European Union, and the change of Government generated relative stability and an expectation of changes; however, of the aforementioned and despite the increase in tax collection as of March 31, 2018 there is still a deficit in the budget and in the fiscal box, which continues to generate a low investment in infrastructure or new projects; delayed payment to government suppliers and a deficit in the trade balance and a lack of interest for investors.

The change of government, has generated new expectations, on the business side and the legal framework, among which is the elimination of capital gains tax; the elimination of indefinite re-election; however, this situation, the present government has stated that there is a high indebtedness and that there are no resources to continue with government plans, and respond to the pending payments of suppliers, as well as the payments of the sections of debt that expire in 2017 and 2018. This situation led to the current government make debt paper issues and take credit for certain multilateral agencies and further propose certain reforms among which are (i) the increase in the rate of income tax of 22% to 25% from 2018; (ii) the establishment of a tariff of US $ 0,10 per each kilo of imported merchandise; and, (iii) a differentiated tariff for certain imported products.

The elected Government, which has been in office since May 2017, until the date of issuance of the financial statements, has not defined an economic plan in which it defines the alternatives to reduce (a) the high level of indebtedness; (b) the cash deficit and the fiscal budget; (c) reducing the current expenditure; and; (d) alternatives to attract new investments; despite this situation the relative economic stability generated (1) an increase in the volume of its operations; (2) a good rotation of inventories and collections from customers; and, (3) increase in profitability; so the financial position, liquidity and profitability has improved.

The lack of an economic plan of the current government and economic measures generate uncertainty, despite the relative stability that exists in the Ecuadorian economy. The Administration is analyzing and evaluating new alternatives, in order to continue operating efficiently and profitably.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial statements preparation

Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board - IASB.

The significant accounting policies adopted by the Company in preparing these financial statements have been defined based on IFRS effective as of March 31, 2018 and have been applied consistently to all periods presented.

The financial statements for the year ended on March 31, 2018 according to IFRS were approved by management on April 23, 2018. It is estimated that the financial statements will be approved without modification by the shareholders.

Measurement basis

The financial statements have been prepared on the historical cost basis; allowance for impairment of accounts receivable, the provisions for obsolescence of inventories that are performed according to the estimates of the Company and the obligations and labor long-term liabilities that are recognized at fair value as determined by a specialist.

The historical cost is generally the fair value of the consideration given in exchange for goods and services.

Functional Currency

The financial statements are presented in United States of America Dollars "US$" which is the functional and presentation currency of the Company. The information in the notes and financial statements is presented in the aforementioned currency, except when there are balances or transactions in other currencies.

b) Classification of current and non-current items

The Company presents assets and liabilities in the statement of financial position classified as current and non-current. An asset is classified as current when the Company:

- Expects to realize the asset, or intends to sell or consume it in its normal operating cycle;
- Holds the asset primarily for trading purposes;
- Expects to realize the asset within twelve months after the period reported; or
- The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the close of the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the Company:

- Expects to settle the liability in its normal operating cycle;
- Holds the liability primarily for trading purposes;
- Liabilities should be settled within twelve months after the closing date of the reporting period is presented; or
- Does not have an unconditional right to defer settlement of the liability for at least the following twelve months after the closing date of the reporting period.

All other liabilities are classified as non-current.

Assets and liabilities by deferred tax are classified as non-current assets and liabilities in all cases.

c) Cash and cash equivalents

Cash and cash equivalents for purposes of statement of cash flows constitute available balances in cash, banks, deposits and financial investments whose term is less than 90 days and are subject to immediate disposal.

d) Financial instruments

Financial assets and liabilities and derivative financial instruments are classified according to the nature and purpose of each financial instrument as required by IAS 39 "Financial instruments – Recognition and Measurement". The classification depends on the purpose for which the assets were acquired or contracted liabilities and which is determined at the date of initial recognition.

Financial assets

Recognition and Initial measurement

The Company in accordance with IAS 39 classifies its financial assets in the following categories: (i) Financial assets - to trade, (ii) accounts receivable generated by operations (commercial), (iii) financial assets held until expiration; and (iv) financial assets available for sale.

The assets are initially recognized at fair value (acquisition cost or market value) plus any significant additional cost to the transaction and that should be recognized as part of the asset; whenever the financial asset is not designated as "fair value and whose arising effects from the transaction might be accounted in the results".

Subsequent measurement

After initial recognition, the Company records or adjusts financial assets as described below:

- **Accounts receivable and loans**

  The items held by the Company correspond to trade receivables generated by commercial transactions carried out in the normal course of operations and other receivables, which constitute fixed and determinable payments and do not have a stock market quote.

  The contractual term transactions whose collection is up to one year or less are classified as current assets and those whose terms are greater than one year are classified as noncurrent assets. Trade receivable are recognized at their nominal value in those whose contractual term of payment does not exceed 90 days and those that exceed the period which do not generate any interest rate or when there are fixed interest rates are recorded at their net value of implicit interest (amortized cost) to which the method of the effective interest rate is used.

- **Other non-trade receivables**

  The other non-trade receivables that comply with the characteristics of financial instruments are recorded at cost when their terms are less than 90 days at the amortized cost when their deadlines are higher.

Derecognition of financial assets

At the closure of the financial statements, the Company assesses if there is a deterioration of its book value of financial assets and for which it carries out the following:

- **Financial assets not recorded at amortized cost**

  In financial assets not recorded at amortized cost, the impairment is assessed whether there is any objective and competent evidence if an asset or group of assets is impaired as a result of an event or events that affect the initially recorded value and as long as the event or events have an impact on future cash flows. Among the major aspects considered in determining impairment include as follows: (i) the financial difficulties of the debtor; (ii) non-payments on debt and interest; (iii) missed in payments that there are bankruptcies, debt restructurings.

  In the event that there is objective and competent evidence that the risk of default exists, the decline in fair value is reported in some assets decreasing the value of initial registration and in other cases a provision is based on individual analysis and these adjustments are recorded in the results of the year in which it is originated.

  Assets write offs in which there is a provision, it is decreased the amount of these and if there are surpluses they are recorded in income at the period in which it is determined. Recoveries in the assets value whose was decreased are registered in the results when this event occurs.

- **Financial assets recorded at amortized cost**

  In financial assets at amortized cost, the Company assesses individually whether there is objective and appropriate information, if the asset is impaired as a result of an event or events that affect the initially recorded value and in the event that the evidence cannot determine whether there is impairment or not, these assets are evaluated collectively with the group of assets with similar characteristics. The adjustment for impairment of assets, individually assessed, is recognized and continues to be recognized at the time that the loss arises and are not included in the assets assessed collectively.

  The loss for impairment of assets is determined by the difference between the carrying amount of the asset and the present value of future estimated cash flows (excluding future credit losses expected and that has not yet produced).The present value of future estimated cash flows are discounted at the loan's original effective interest rate on financial assets and in the case of an asset accrues a variable rate of interest, the discount rate for measuring any impairment loss of value is the current effective interest rate.

  The loss of the carrying amount of the impaired asset is recognized in the provision account and the statement of comprehensive income at the time it is originated and in the event that it is determined that there is no impairment, the accrued value is credited to the state of comprehensive income. Loans and the related provision are written off when there is not real probability of recovery and there are not real guarantees covering the impaired asset. Increases or decreases of the initial provision are recognized in income at the time that these events are determined.

  The earned interest is accrued on the reduced carrying amount of the asset, using the interest rate used to discount future cash flows to measure the impairment loss on cash. The earned interest is recorded as financial income in the income statement.

Derecognition of financial assets

A financial asset is derecognized when:

(i) the rights to receive cash flows from the asset have expired;
(ii) the Company transfers its rights to receive cash flows from the asset or has assumed an obligation to pay all cash flows received immediately to a third party under a transfer agreement; and,
(iii) the Company has transferred substantially all the risks and rewards of the asset or, failing transferred nor retained substantially all the risks and rewards of the asset if it has transferred its control.

Financial liabilities

Recognition and initial measurement

Financial liabilities in accordance with IAS 39 "Financial Instruments - Recognition and Measurement" are classified as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as effective hedging financial instruments.

The Company at December classifies its financial instruments in loans and accounts payable (including obligations to trade creditors and other accounts payable). These values correspond to goods or services purchased in the normal course of business still outstanding and are classified as current liabilities if the payment period is one year or less and as current liabilities when the term exceeds more than one year.

Financial liabilities are recognized when there is a contractual agreement and are recorded at fair value plus attributable costs, except for accounts payable recorded at the agreed value payment, which may be its liquidation value or its net value of implicit interest (amortized cost) in those transactions where the term exceeds 90 days and do not generate any interest rate or when there are fixed interest rates, for which the method of the effective interest rate is used.

Subsequent measurement

Loans and accounts payable after initial recognition are measured at amortized cost, except for:

a) Loans with variables interest rates and that are adjusted quarterly or monthly.
b) Accounts payable whose payment is less than 90 days.

Amortized cost is calculated using the method of effective interest rate, for which any discount or premium on the issue and costs that are an integral part of the effective interest rate is included.

The difference between the nominal value and amortized cost is recognized in income by the interest method; while gains or losses on cancellation of financial liabilities are recognized in income when the liabilities are canceled or discharged.

Derecognition of financial liabilities

A financial liability is derecognized when the payment obligation is over, canceled or expired.

When an existing financial liability is replaced by another from the same lender on significantly different terms or conditions are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, recognizing the difference between both in the period results.

Offsetting of financial instruments

Financial assets and liabilities which are subject to compensation of those balances are presented in the balance sheet at net value when there is a legal right to offset and the Company intends to settle them by this procedure.

e) Fair value measurement

The Company for the measurement of the fair values of the accounts of the financial assets and liabilities and of the non-financial; and, from several accounting estimates required by IFRS, it uses the provisions of these Standards for its accounting policies in its: (i) initial recognition; (ii) disclosure in the financial statements and notes; and, (iii) to recognize the adjustments when there are indications of impairment of the financial and long-lived assets.

The Company for the measurement of fair values uses information from observable markets, always when it is reliable, as required by IFRS. As required by the IFRS, fair values are classified at different levels within their fair value hierarchy and which are based on the variables or valuation techniques, as follows:

1) **Market values:** Quoted prices (unadjusted) in active markets for identical or similar assets or liabilities
2) **Information different from of market value prices of the previous level:** which are equal to an asset or liability of whom come from values directly (prices of recent transactions) or indirectly (derived from prices determined by specialists based on studies or reference prices).
3) **Information derived from use of financial techniques:** applicable to asset and liability internal data and which does not come from values or information of the market

The information or variables that are used to measure the fair value of an asset or liability can be classified into one of the hierarchy levels listed above; hence fair value measurement can be classified at the same hierarchy level of the lowest fair value variable that is meaningful to the total measurement of assets and liabilities. The changes between the levels of fair value hierarchy are recognized at the end of each period in which the change was originated.

f) Inventories

The inventories are recorded as follows:

- The pharmaceutical prodctcs acquired at acquisition cost and adjusted at the closing of the financial statements at the Net Realization Value "NRV"
- Inventories in transit are accounted for at the cost of amounts incurred.

The cost of inventories and products consumed is determined by the weighted average method.

The Company constitutes a provision charged to the results of the year for the losses in the expired inventories and for the possible losses of the products in which it is estimated that they will not be sold due to the slow turnover of the inventory, which, once once the requirements established by the health authorities have been met, they are destroyed and their carrying amount is reduced from the provision constituted.

The net realizable value (NRV) is determined based on the replacement price plus the estimated termination and sale costs and the adjustment is recognized in the results of the period.

The Company makes a provision for those slow-moving inventories in which the adjustment to the NVR cannot be estimated, this provision is made based on the historical experience and seniority of the products.

g) Furniture and equipment

Measurement and recognition

Furniture and equipment are carried at historical cost, less accumulated depreciation and impairment losses, in case of occurrence.

Cost includes the disbursements directly attributable to the acquisition or construction of the asset. Disbursements subsequent to the purchase or acquisition are only capitalized when it is probable that future economic benefits will flow to the Company and can be reasonably measured.

Subsequent costs

Disbursements for repairs and maintenance incurred to repair or maintain the future economic benefit expected from property, plant and equipment is recognized as an expense when incurred, while improvements or maintenance of importance which extend the useful life of the asset are capitalized provided and when it is probable that future economic benefits will flow to the Company and can be measured reasonably.

Depreciation method

Furniture and equipment are depreciated by the straight-line method based on the estimated useful life whose years of life are as follows:

Furniture and office equipment	10 years
Facilities	10 years
Computer equipment	3 years

Retirement and sale

The cost and accumulated depreciation of property, plant and retired equipment are reduced from the respective accounts and the difference is recognized in the results of the year in which the transaction originates.

When the value in books of a fixed asset exceeds its recoverable amount, it is immediately reduced to its recoverable amount.

h) Revenue recognition

Revenue is recognized to the extent that the economic benefits are likely to flow to the Company and the revenues can be measured reliably, regardless of when the payment is received. Revenues are measured at the fair value of the consideration received or received, taking into account contract terms defined contractually and without including taxes or duties. The main source of the Company´s operations are all its income agreements, since it is the main debtor in all income agreements, it has price freedom and it is also exposed to inventory and credit risk.

The criteria for the recognition of income are described below:

Sale of goods

Revenue from the sale of goods is recognized when the significant risk and benefits of the property have been transferred to the buyer, generally at the time of delivery of the goods. Revenues from the sale of good is measured at the fair value of the consideration received or to be received, net of refunds and discounts, commercial discounts and volume discounts. The Company does not make warranty provisions for the products sold, because these are covered by the parent company. The Company does not offer extended warranties to its customers.

Services

Revenues from services rendered in the ordinary course of business are measured at fair value, based on the progress of the services rendered at the balance sheet date minus the commercial rebates and recognized in the results when it can be measured reliably and the benefits are likely to flow to the Company and these are no significant uncertainties regarding the derivation of associated costs or for possible adjustments in the prices of the services and there are no doubts regarding the recovery of the amounts to be recovered.

i) Deterioration in the value of long-lived assets.

Long-lived assets correspond to machinery, furniture, vehicles and equipment, etc. and the impairment is reviewed at the closing of the financial statements, when there are events or changes in the circumstances that indicate that the book value is higher than the value that will be obtained from the sale or by the use of the assets. The impairment loss on long-lived non-financial assets when there is no fair value is initially calculated by adding the discounted cash flows expected to be obtained as a result of the asset's use. For impairment assessment purposes, the assets are grouped into the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher value between fair value less costs to sell and value in use. When evaluating the use value, future cash flows are discounted to their present value using a discount rate that reflects the weighted average cost of capital calculated according to the risk associated with the country in which the Company operates.

In the event that the recoverable value of an asset (or a cash-generating unit) is lower than its carrying amount of the asset (or the cash-generating unit) it is reduced to its recoverable value, and an impairment loss it is recognized in the income statement.

The basis for future depreciation or amortization of impaired assets must take into account the reduction in the value of the asset as a result of accumulated impairment losses.

When an impairment loss should be reversed subsequently, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable value and the carrying amount does not exceed the book value when determined the impairment loss for the asset (or the cash-generating unit) in previous years. If it exists, the reversal of an impairment loss is recognized in the statement of comprehensive income.

Non-financial assets that have suffered deterioration are reviewed for possible reversal of impairment in each reporting period.

The discount rates used are determined before taxes and are adjusted for the country risk and corresponding business risk.

As of March 31, 2018, there have been no signs of asset impairment.

j) Obligations for post-employment benefits

The obligations for post-employment benefits constitute short-term provisions, defined benefit plans and benefits for early termination.

Short-term benefits

Short-term social benefits are other benefits in addition to wages and salaries paid on a monthly basis and that are legally established in labor contracts or by labor laws and that are required within the current year, which are accumulated and accounted for in the results of the period and are reduced by the payments or by the excess in the provisions, which are recorded in the results of the period.

In addition to the aforementioned, the labor provisions in force establish that employees and workers are entitled to a 15% share of the profits of the year, this provision is recorded with a charge to the results of the year in which it accrues.

Defined Benefit plans

The labor code of the Republic of Ecuador establishes the obligation on the part of employers to grant the following benefits:

i. Employer retirement to all employees who have completed a minimum of 25 years of service in the same company.
ii. A compensation of 25% of the salary for each year of service, which is calculated based on the salary or salary in force at the time of retirement.

The Company establishes reserves for these benefits based on actuarial studies carried out by a specialized company. The actuarial method used by the specialist for the calculation is the "projected unit credit costing" and the provisions are calculated based on the remuneration of the employee and other parameters established in the Labor Code.

Assumptions to determine the actuarial study include discount rate determinations of the corporate bonds of the circulation currency in the country, variations in salaries and wages, mortality rates, age, sex, years of service, increase in the amount minimum of retirement pensions, among others. Due to the long term that characterizes the reserve for retirement benefit obligations, the estimate is subject to variations that could be significant.

The increase in labor cost and interest on these provisions is recorded in the results of the year and the positive or negative effect on the level of reserves derived from changes in estimates is recorded in equity as other comprehensive income and payments they are deducted from the provision.

Severance pay

The benefits for severance pay as recorded at the moment in which the employer decides to terminate the contract for the provision of labor services in advance. The Company makes provision when there is a real possibility of a decrease in its activities or a restructuring of its operations; in the event that it does not originate from the aforementioned events and in fortuitous cases, the benefits established in the labor laws for severance pay are recorded in the results at the time they originate.

k) Provisions – accumulated liabilities.

The Company recognizes the provisions when: (i) it has a present obligation, whether legal or implicit, as a result of current or past events related to its activities, (ii) it is probable that an outflow of resources will be required to settle a current obligation in the future; and, (iii) the amount has been estimated reliably.

The amounts recognized as a provision constitute the best estimate of the Company, at the closing date of the financial statements, of the disbursements necessary to settle the obligation.

Long-term provisions are determined by discounting the expected future cash flows at a market interest rate related to the time value of money. The update of the discount of the provisioned values is recognized as financial expense.

The remaining interest costs are recognized in results in the year in which they are incurred.

l) Income tax

The income tax includes the current and deferred tax in accordance with the tax laws in force in the Republic of Ecuador.

Current income tax

Assets and liabilities for current income tax are measured by the amounts recoverable or payable to the tax authority for the year.

The current income tax is calculated using the applicable rates, for the different taxes; that are determined in the law, regulations and tax provisions in force as of the cut-off date of the financial statements on which they are reported and these are accounted for in the results of the period.

Deferred income tax

Deferred income tax is recognized using the asset and liability as a result of the temporary differences arising between the carrying amounts of the assets and liabilities in the financial statements in accordance with IFRSs and the fiscal base of accounting, at the closing date of the period in which it is reported.

Deferred tax assets are recognized for all deductible temporary differences that are estimated to be compensable in the future and deferred tax liabilities are recognized for all taxable temporary differences.

The value of deferred tax assets accounted for is reviewed at the closing of the financial statements about which it is reported and are reduced at the moment when it is determined that there are no future taxable profits that allow these deferred tax assets to be used in full or partially.

Deferred tax assets not recognized in the financial statements are evaluated at each closing date of the financial statements and are recognized to the extent that there is evidence of future taxable profits that would allow the recovery of such deferred tax assets not previously recognized.

Deferred tax assets and liabilities are measured at the income tax rates in effect on the date on which the existence of the temporary differences is determined and which are in force in the Organic Law of the Internal Tax Regime, its regulations and other provisions legal tax laws.

The deferred tax related to the items recognized outside profit or loss is recognized outside the latter. Deferred tax items are recognized in a relationship with the underlying transaction, either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset assets and liabilities for current income tax and if deferred taxes are related to the same entity subject to taxes and the same tax jurisdiction.

Deferred tax assets and liabilities are not discounted at their current value and classified as non-current.

Other taxes

Sales tax for revenue from ordinary activities, expenses and assets are recognized excluding the amount of any sales tax (ex: value added tax), except:

- When the sales tax incurred in an acquisition of assets or in the provision of services is not recoverable by the tax authority, in which case this tax is recognized as part of the acquisition cost of the asset or as part of the expense, as appropriate;

- Accounts receivable and payable that are already expressed, including the amount of sales taxes.

The net amount of sales tax that is expected to be recovered or to be paid, is presented as an account receivable or payable in the statement of financial position, as applicable.

Others

The Company reviews the closing of its financial statements: (i) the decisions made in the tax returns of previous years referring to those situations in which the applicable tax legal provisions are subject to interpretation; and (ii) the cases in which the tax authorities determined additional values for taxes and that are in the process of being challenged. In the events that it deems necessary, it constitutes provisions when appropriate.

m) Recognition of operating costs and expenses

The costs and operating expenses are recognised in the results by the accrued method and when the products and services are provided, regardless of when they are paid.

The company presents its costs and expenses by its nature. This information is more reliable and relevant than the method of the function of the expenditure due to the nature of the entity, sector in which it works and use of comparable historical information reported in previous years.

n) Comprehensive income per share

The comprehensive income per common share is calculated based on the weighted average number of shares outstanding during the year. The average number of shares outstanding in 2018 was of US$1.689.800 of US$ 1 each.

NOTE 3 –USE OF JUDGMENTS, ESTIMATES AND SIGNIFICANT ACCOUNTING ASSUMPTIONS

The policies established by the Company note 2 and according to IFRS requires the Administration to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the amounts disclosed as revenue and expenses during the period of the report. Estimates and assumptions are continuously evaluated and are based on Administration's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates, by definition, can rarely be equal to actual results.

The estimates, judgments and assumptions that have a significant risk that may result in a material adjustment to the carrying amounts within the financial period are as follows:

Provisions for the impairment of financial assets.

The Company annually conducts a review of the value of financial assets and evaluates whether there are risks on their recovery and based on this analysis, a provision for impairment thereof is performed.

- **Estimation of useful lives of property, machinery and equipment depreciation.**

  Property, machinery and equipment are accounted at cost and depreciated by the straight-line method and based on estimated useful lives, which are reviewed annually, technological changes, extensive use, among other factors may change the estimates of the depreciation method and useful lives may affect these estimates.

  The Company believes that the depreciation method and useful lives are reasonable and there is evidence of some technological deterioration.

- **Post-employment benefits**

  The actuarial calculation carried out by an external specialist is based on the projected unit credit method to determine the present value of its defined benefit obligations. Demographic and financial assumptions are used in the calculation.

  - Demographic assumptions about the characteristics of current and past employees who may receive benefits. Demographic assumptions are: (i) mortality; (ii) rates of employee turnover, disability, and premature withdrawals; And, (iii) the proportion of unitholders in the plan with beneficiaries entitled to benefits;

  - Financial assumptions relate to the following elements: (a) the discount rate; And, (b) the levels of profit to satisfy employees and future wages.

- **Estimate to cover litigation**

  The Company recognizes obligations of those events of legal or implicit type for the Company; these events are recognized when:

  - The Company has an obligation on the date on which it is reported as a result of a past event.
  - When it is probable that the Company will have to dispose of resources or economic benefits, to settle the obligation; and
  - The amount of the obligation can be estimated reliably.

  The provision is recognized as a liability in the statement of financial position and as an expense in the statement of income for the period.

NOTE 4 – INTERNATIONAL STANDARDS OF FINANCIAL INFORMATION VALID SINCE 2016 Y 2017.

The new standards and amendments that are effective for annual periods beginning on or after January 1, 2016; the nature and effect of these changes are described below:

Although these new standards and amendments were applied for the first time in 2016, they may not have a material impact on the companies' annual financial statements. The nature and impact of each new standard or amendment are described below:

Standards	Impact and application
IFRS 14 Regulatory Deferral Accounts IFRS 14 is an optional standard that allows to continue applying most of the existing accounting policies for the balances of deferred income accounts on the first adoption of IFRSs for activities and transactions that are regulated. For companies that prepare their financial statements in accordance with IFRS and are not involved in any activity regulated by tariff, this standard is not applicable.	The amendment has no impact in the Company.
Amendments to IFRS 11 Joint arrangements: Accounting of interest in joint operations The amendment to IFRS 11 requires that a jointly-owned business operator responsible for the purchase of a participation in a joint venture, in which the joint venture activity constitutes a business, must apply IFRS 3 Business Combinations for Business combination accounting. In addition, an exclusion from the scope of application of IFRS 11 has been added and specifies that the amendments do not apply when the parties have joint control, including the company that is under common control of the same part of the ultimate parent. The amendments apply to both the acquisition of the initial interest in a joint venture and the acquisition of additional interest in the same joint operation.	The amendments have no impact in the Company.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets make it clear that revenues reflect a pattern of economic benefits generated by operating a business (of which the asset is a part) rather than the economic benefits which are consumed by the use of the asset. As a result, an income-based depreciation and amortization method cannot be used to depreciate property, plant and equipment, and can only be used in very limited circumstances to amortize intangible assets.	The amendments are applied prospectively and have no impact on the Company.
Amendments to IAS 27: Equity Method in Separate Financial Statements The amendments allow entities to use the equity method (Equity Interest "EI") to account for investments in subsidiaries, joint ventures and associates in the separate financial statements. Entities that already apply IFRSs and choose to change the equity method in their separate financial statements should apply that change retroactively.	The changes apply retrospectively when IFRSs are already applied and have no impact on the Company.
IFRS 7 Financial Instruments: Disclosures i) Services contracts The amendment clarifies that a service contract that includes a commission may constitute the continued participation in a financial asset.	This amendment is applied retroactively.

Standards	Impact and application
An entity should evaluate the nature of the commission and the agreement against the guide for continued participation in IFRS 7 in order to assess whether disclosures are required. The evaluation of service contracts that constitute continuous participation must be done retrospectively. However, it is not necessary to provide the required disclosures for any period beginning before the annual period in which the entity first applies the amendments. ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements The amendment clarifies that additional disclosure requirements do not apply to the condensed interim financial statements, unless such disclosures provide a material update to the information reported in the most recent annual report.	
Amendments to the Disclosure Initiative of IAS 1 The amendments to IAS 1 clarify, rather than significantly change, the existing requirements of IAS 1. The amendments clarify: • The materiality requirements of IAS 1. • Specific individual items that can be broken down in the income statement or in the "Other Comprehensive Income-OCI" and in the statement of financial position. • The flexibility that entities have in the order in which they present the notes to the financial statements. • Disclosure of OCI from associated companies and joint ventures accounted for using the equity method.	These modifications are applied prospectively
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception. The amendments address issues that have arisen in applying the exception of investment entities IFRS 10 Consolidated Financial Statements. Amendments to IFRS 10 clarify that the exemption for the presentation of consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiaries at fair value. Likewise, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment firm are valued at fair value. Amendments to IAS 28 Investments in associates and joint ventures allow the investor, when applying the equity method, to measure the fair value applied by the investment entity to its associates, joint ventures.	The amendments are applied prospectively and have no impact on the Company.

Standards	Impact and application
IAS 12 Recognition of deferred tax assets for unrealized losses - Amendments to IAS 12 The amendments clarify that a company must consider whether tax laws restrict taxable income sources with which deductions can be made on the reversal of a deductible temporary difference. In addition, the amendments provide guidance on how an entity should determine future tax benefits and explain the circumstances in which the tax benefit may include the recovery of some assets over more than one period. However, in the initial application of the amendments, the change in the opening equity of the first comparative period may be recognized in the initial retained earnings (or other equity component, as applicable), without allocating the change between the initial retained earnings and other components of equity. Entities applying this change should disclose this situation.	Entities are required to apply the amendments retroactively. These amendments are effective for annual periods beginning on or after 1 January 2017 and allow early application.

Due to the structure of the Company and the nature of its operations, the adoption of such standards did not have an important effect on the financial position and results; therefore, it has not been necessary to modify the comparative financial statements of the Company.

NOTE 5 - EQUITY

Capital stock

At March 31, 2018 the authorized, subscribed and paid common shares are 1.689.800 shares of US$ 1 each.

NOTE 6 – FURNITURE AND EQUIPMENT

The balances as of March 31, 2018, the furniture and equipment of the Company, are as follows:

	Cost	Accumulated depreciation	Net block
Facilities	10,010	800	9,210
Furniture and fixtures	76,577	5,196	71,381
Computer equipment	43,280	11,458	31,823
	129,868	**17,455**	**112,413**

NOTA 7 - INVENTORY

The composition of inventories item as of March 31, 2018 is as follows:

Inventories	532,847
Medical samples	126,644
Imports in transit	40,753
Obsolescence provision	(150,232)
	550,012

NOTA 8 – ACCOUNTS RECEIVABLE, COMMERCIAL AND OTHER

The balances as of March 31, 2018 of the current assets are as indicated in the following groupings:

Local customers (1)	653,784
Taxes to be recovered (2)	44,391
Other accounts receivable (3)	33,784
	731,959

8.1. ACCOUNTS RECEIVABLE FROM CUSTOMERS

A summary of the old commercial accounts receivable as of March 31, 2018 is as follows:

Category	
Unexpired	488,443
From 1 to 30 days	49,665
From 31 to 60 days	51,208
From 61 to 90 days	9,686
From 91 to 120 days	4,550
From 120 to 150 days	50,233
	653,785

8.2. CURRENT TAXES TO RECOVER

The balance as of March 31, 2018 of the current taxes to be recovered are as follows:.

Tax witholding	31,939
Tax credit	10,302
Others	2,151
	44,391

The balance of taxes - advances and withholdings at the source constitutes the excess of income tax paid and withholdings made by third parties, which in 2018 amount to US $ 31,939.

8.3. ACCOUNTS RECEIVABLE, OTHERS

A detail of the accounts receivable - several as of March 31, 2018 is as follows:

Accounts receivable employees	10,200
Travel advances	11,914
Guarantee	7,288
Suppliers advance	4,382
	33,784

NOTE 9 - CASH AND CASH EQUIVALENTS

At March 31, 2018 the composition of cash and cash equivalents is as follows:

Cash in hand	1,000
Balances with banks (1)	402,447
	403,447

(1) At March 31, 2018 it, corresponds to the available amount that the Company maintains in its checking and savings accounts in banks domiciled in Ecuador. The rating category of the bank according to the publications required by the Superintendence of Banks is AAA-.

NOTE 10 – SUPPLIERS ACCOUNTS PAYABLE

Balances at March 31, 2018 of accounts payable for local suppliers are US$191.187 and have deadlines of up to 120 days.

NOTE 11 – RELATED ACCOUNTS PAYABLE

A detail of the balances as at March 31, 2018 with the related parties transactions are as follows:

	Relation	Transaction	31-mar 2018
Accounts payable:			
Glenmark Pharmaceuticals Ltda.	Group component	Inventory purchase	495,731
Glenmark Farmaceutica Ltda.	Group component	Inventory purchase	111,017
Glenmark Pharmaceuticals Perú S.A.	Group component	Inventory purchase	3,181
			609,929

Transactions with related parties at March 31, 2018 gave rise to the following amounts in the income statement and are as follows:

	Relation	Transaction	31-mar 2018
Purchase:			
Glenmark Pharmaceuticals Ltda.	Group component	Inventory purchase	632,237
Glenmark Farmaceutica Ltda.	Group component	Inventory purchase	295,417
Glenmark Pharmaceuticals Perú S.A.	Group component	Inventory purchase	3,181
			930,835

Amounts paid to key personnel of the Company and administrators at March 31, 2018 were US$111.531 and US$39.835 respectively, these values belong to fees and other benefits.

NOTE 12 – CURRENT TAXES PAYABLE

The balance as of March 31, 2018 of the current taxes to be recovered are as follows:

Withholdings payable	2,958
Value added tax	5,094
Income tax employees	2,883
	10,935

NOTE 13 – PROVISIONS

The balances as of March 31, 2018 of the company's provisions, is as follows:

Provisions for social benefits	75,825
Provisioned expenses	69,201
	145,027

NOTE 14 – EMPLOYER RETIREMENT AND EVICTION BONUS

The balances of provision for employer's retirement and eviction bonus for the year ended at March 31, 2018 as follows:

Employer retirement	48,283
Eviction bonus	19,028
	67,311

The Company accumulates these benefits based on annual studies prepared by a firm of consulting actuaries. As indicated in actuarial studies, the actuarial method used is "costing projected unit credit" provisions of the plan and consider the employee's remuneration and other parameters set out in the Labor Code.

NOTE 15 – OPERATING INCOME

Sales for the year ended March 31, 2018, were as follows:

Sales	4,973,431
Return on sales	(85,849)
Volume discount	(1,661,480)
Discount soon payment	(16,065)
Commercial discount	(161,598)
	3,048,439

Ordinary income exclusively the sale of pharmaceutical products.

NOTE 16 – COST OF SALES

During the year ended March 31, 2018, operating costs were US$1.252.524

NOTE 17 – ADMINISTRATIVE AND SALES EXPENSES

A detail of administrative and sales expenses for years ended at March 31, 2018 is as follows:

Leasing	52,236
Depreciation	17,455
Inventory deterioration	130,000
Insurances	31,115
Management expenses	140,492
Travelling expenses	116,915
Financial expenses	2,138
Professional fees	65,854
Tax rate	162,056
Maintenance and repairs	52,577
Materials and supplies	9,694
Transportation	118,150
Other expenses	35,257
Marketing expenses	174,500
Employers retirement and eviction	32,611
Professional services	417,521
Electricity charges - telephone expenses	32,298
Miscellaneous services	28,947
Salaries and social benfits	1,054,209
	2,674,023

NOTE 18 – INCOME TAX

Tributary reconciliation

Income tax for the years ended on March 31, 2018 differs from that would result from applying the tax rate of 25% applicable to income before income tax, mainly due to:

	2017	
	Items amounts	Income tax
Profit (Loss) prior to workers sharing and income tax	(895,862)	(197,090)
Non-deductible expenses	498,178	109,599
Tax base and income tax	(397,684)	(99,421)
Income tax Advance		-
Income tax payable		-
Effective income tax rate		0.00%

Income Tax rate

The income tax rate is 22%; except in the event that the company has shareholders, partners, participants, constituents, beneficiaries or similar, resident or prepared in tax havens or minor regimes; with a direct or indirect participation, individually or jointly, equal to or greater than 50% of the share capital or of the one that corresponds to the nature of the company, the interest rate is 25%

When the shareholding of shareholders domiciled in tax havens or minor regimes is less than 50%, the 25% rate will be applied to the proportion of the tax base corresponding to that participation.

Additionally, the 25% rate is applied to the tax base of the company that fails to inform the shareholders, partners, participants, taxpayers, beneficiaries or similar, in accordance with the Organic Law of the Internal Tax Regime. and the resolutions issued by the Internal Revenue Service, without prejudice to other sanctions that may be used.

In the event that the Company reinvest its profits in the country in the terms and conditions established by the Organic Law of the Internal Tax Regime, it could obtain a reduction in the income tax rate of 10 percentage points over the reinvested amount, provided that when they make the capital increase until December 31 of the following year.

The minimum Income Tax

The minimum advance is determined annually and on the basis of the income tax return of the previous year, applying certain percentages to the value of the total assets (less certain components), total equity, income, costs and expenses. The advance payment is compensated with the income tax caused, as long as it is not subject to refund, except in exceptional cases. In case the income tax caused is less than the determined advance, the advance becomes a minimum income tax.

Excluded from the determination of the income tax advance are the incremental expenses for the generation of new employment or improvement of the wage bill, and in general those investments and expenses actually incurred, related to the tax benefits that for the payment of the income tax. recognizes the Organic Code of Production, Trade and Investment for new investments, as well as other effects due to the application of accounting standards and principles.

Additionally, new companies incorporated as of the validity of the Production, Trade and Investment Code for a period of 5 years of effective operation are exempt from payment of the income tax advance, which is understood as the beginning of their process. productive and commercial.

Cash dividends

Dividends and profits, calculated after the payment of income tax, distributed by national or foreign companies resident in Ecuador, in favor of other national or foreign companies, not domiciled in tax havens or jurisdiction of lower taxation or of non-resident natural persons in Ecuador, they are exempt from income tax.

The exemption as mentioned before does not apply if the beneficial owner; who economically or in fact has the power to control the attribution of disposing of the benefit, is a natural person residing in Ecuador; to which a withholding of dividends or profits must be applied to the taxed income, which depends on where the effective beneficiary is located, without exceeding the difference between the maximum rate of income tax for individuals (35%) and the general rate of income tax provided for companies (22% or 25%).

In the event that the dividends are distributed to companies domiciled in tax havens or lower taxation systems, an additional withholding tax should be applied for the difference between the maximum rate of taxation of a natural person (35%) and the tax rate to the taxpayer. Corporate income applicable for companies (22% or 25%). The company that distributes the dividends or profits that have not informed about their shareholding composition must be withheld from the income tax on said dividends as if there were an effective beneficiary resident in Ecuador.

The early distribution of dividends before the end of the financial year or granting money loans to its partners, shareholders or any of its related parties (non-commercial loans), shall be considered as an advance payment of dividends and therefore the corresponding withholding shall be made. the corporate income tax rate in effect to the current year, on the amount of such payments. The withholding must be declared and paid the month after it is made and it will constitute a tax credit for the company in its income tax declaration.

Disposal of shares and owner's equity

They are taxed with income tax, profits received by companies domiciled or not in Ecuador and natural persons, Ecuadorians or foreigners, residents or not in the country, arising from the direct or indirect transfer of shares or equity instruments of companies domiciled or permanent establishments in Ecuador.

The foreign currency exit tax

The foreign currency exit tax is 5% and taxes the following transactions:

- The transfer or moving of foreign currency abroad.
- Payments made from abroad, including those made with financial resources outside the natural person or society or third parties.
- Imports pending payment recorded for more than twelve (12) months.
- Exports of goods and services generated in Ecuador, carried out by natural persons or companies domiciled in Ecuador, when the foreign currency corresponding to the payments for such exports do not enter Ecuador.
- When the outflow of currencies occurs as a result of the netting or clearing of debit balances and creditors abroad, the tax base will consist of the entire operation, that is, both the net balance transferred and the amount cleared. .

The following are exempt from the Foreign Currency Exit Tax (ISD):

- Money transfer of up to three unified basic salaries per month.
- Payment made abroad through credit or debit cards up to 5,000.
- Payments made abroad for the amortization of capital and interest on loans granted by international financial institutions, with a term of more than one year, destined to financing investments foreseen in the Organic Code of Production, Trade and Investment and that accrue interests to the referential rates.
- Payments made abroad by way of dividends distributed by national or foreign companies domiciled in Ecuador, after payment of income tax, in favor of other foreign companies or individuals not resident in Ecuador, as long as they are not domiciled in tax havens or jurisdictions of lower taxation.
- Up to one year, payments for imports made by taxpayers who have suffered a direct economic impact on their productive assets as a result of the natural disaster that occurred on April 16, 2016 and who have their domicile in the provinces of Manabí and Esmeraldas, payments for capital goods not produced in Ecuador and destined to productive processes or the provision of services located in the affected areas.

The Foreign Currency Exit Tax (ISD) may be used as a tax credit for the determination of income tax for up to 5 years, provided that it originated in the importation of raw materials, inputs and capital goods for the purpose of that are incorporated in productive processes and that are included in the list issued by the Tax Policy Committee.

Special contributions

In 2016, in accordance with the Organic Law of Solidarity and Citizen Co-Responsibility for the Reconstruction and Reactivation of the Areas Affected by the Earthquake of April 16, 2016, published in the Supplement to Official Gazette No. 759 of May 20, 2016, certain contributions were established only once, among the main ones were:

- Contribution of 0.9% on the value of real estate existing in Ecuador and belonging to companies resident abroad, with a cadastral appraisal for 2016 (1.8% when the owners are domiciled in tax havens or lower tax jurisdictions).
- Contribution of 0.9% on rights representing capital and belonging to companies resident abroad, with a proportional equity value of December 31, 2015 (1.8% when the owners are domiciled in tax havens or lower tax jurisdictions).
- Contribution of 3% on the taxable income of the companies corresponding to fiscal year 2015.

These special contributions cannot be deductible from income tax. In the event that the value of these special contributions exceeds the value of the taxable income for fiscal year 2016, the difference will be deductible for the following fiscal years, in accordance with the limits and conditions established in the Regulations.

Tax revisions

The Internal Revenue Service in accordance with the laws has the power to review the statements of income tax of the Company, within three years after the date of filing of the tax return. The Company has not been revised until March 31, 2018.

NOTE 19 – CONTINGENCIES

As of March 31, 2018, and 2017, the Company does not present commitments and contingencies:

NOTE 20 – TRANSFER PRICING

The Ecuadorian Government through Executive Decree No. 2430, published in the Supplement to Official Gazette No. 494, of December 31, 2004, established that the companies that conduct transactions with related parties domiciled abroad will submit to the Internal Revenue Service (SRI in Spanish) Annex and Transfer Pricing study concerning transactions with foreign related parties.

The Tax Administration through legal Resolution No. DGERCGC15-0000455 May 25, 2015 changed the scope for reporting, also including local transactions with related parties and amounts for the fiscal year ended as of December 31, 2012. In accordance with current tax regulations regarding compliance of transfer prices are as follows:

a) **Transfer Pricing Comprehensive Report**

Companies performing operations or transactions with one company for more than US$15,000,000 (are required to submit a comprehensive report on transfer pricing).

b) **Transfer Pricing Annex**

Companies performing operations or transactions with a single company between US$3,000,000 to US $ 14,999,999 are required to submit further information of Transfer Pricing in an Annex established by the IRS (SRI in Spanish)

The companies engaged in transactions or operations (purchases and / or sales) exceeding 50% of total transactions are considered related for tax purposes regardless of the contractual aspects or legal ties parts.

At the issuance date of these financial statements related party transactions do not exceed the limits for the submission of supplementary information of transfer pricing.

NOTE 21 - SUBSEQUENT EVENTS

Between March 31, 2018 and the date of issuance of these financial statements, April 23, 2018, no events occurred which, in the opinion of the company's administration, could have a significant effect on those financial statements that have not been Revealed in them or in their notes.

Mauricio Rivadeneira Country Manager	Silvia Moreno General Accountant	Alex Hernández Financial Controller