
Grant Thornton Audit S.R.L.
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Bucharest, Romania
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Independent Auditor's Report

To: The sole shareholder of Glenmark Pharmaceuticals S.R.L.

Opinion

We have audited the accompanying individual annual financial statements of Glenmark Pharmaceuticals S.R.L. ("Company") which comprise the balance sheet as at 31 March 2019, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

The individual annual financial statements as at 31 March 2019 are identified as follows:

- Net assets/Total Equity:	RON 1,985,527
- Net loss for the year:	RON 1,555,304

In our opinion, the accompanying individual annual financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019 and its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1802/2014 for approving Accounting regulations on individual annual financial statements and consolidated annual financial statements, with further amendments ("OMFP 1802/2014").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law no. 162/2017 („Law"). Our responsibilities under those standards are further described in detailed in "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company, according to the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (code IESBA), according to ethical requirements relevant for the audit of the financial statements in Romania, including the Law, and have fulfilled our ethical responsibilities under these requirements and under Code IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This version of our report is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Other matters

This report is made to the Company's sole shareholder, as a body. Our audit work has been undertaken so that we might state to the Company's sole shareholder those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's sole shareholder, as a body, for our audit work, for this report, or for the opinion we have formed.

Other Information - Administrator's report

Administrator is responsible for preparing and presenting Administrator's report and for such internal control as the Administrators consider necessary to enable the preparation and presentation of the Administrator's report that is free from material misstatement, whether due to fraud or error. Administrator's Report is presented on pages 1 - 5 and is not a part of the individual annual financial statements.

Our opinion on the individual annual financial statements does not cover the Administrator's report and unless explicitly stated in our report, we do not express any assurance conclusion thereon.

With respect to the audit of individual annual financial statements for the year ended 31 March 2019, our responsibility is to read the Administrator report and, in doing so, to assess whether other information is significantly inconsistent with individual annual financial statements, or with any information we acquired during the audit or if they appear significantly misstated.

Regarding the Administrator's Report, we read and report on whether it was prepared in all material respects, in accordance with OMFP no. 1802/2014, paragraphs 489-492.

Exclusively on the basis of the activities to be performed during the audit of the individual annual financial statements, in our opinion:

- The information disclosed in Administrators' report for the year for which the individual annual financial statements were prepared are consistent, in all material respects, with the individual annual financial statements;
- Administrator's report was prepared, in all material respects, in accordance with OMFP no. 1802/2014, paragraphs 489-492.
- In addition, based on our knowledge and understanding of the Company and its business environment, acquired during the audit of individual annual financial statements for the year ended on 31 March 2019, we are required to report whether we have identified significant misstatements in the Administrator's Report. We have nothing to report on this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these individual annual financial statements in accordance with OMFP 1802/2014, and for such internal control as management determines is necessary to enable the preparation of individual annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the individual annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the individual annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit 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.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of accounting on a going concern basis and determine, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
-
- ~~Evaluate the overall presentation, structure and content of the individual annual financial statements, including the disclosures, and whether the individual annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.~~

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of:

Grant Thornton Audit SRL

Registered with the Chamber of Financial Auditors in Romania
and in Electronic public register

With registration number 1015/2010

Adriana Gheorghiu

Registered with the Chamber of Financial Auditors in Romania
and in Electronic public register

With registration number 825/2001



Bucharest, Romania

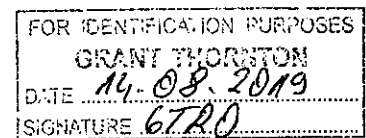
14 August 2019

S.C. GLENMARK PHARMACEUTICALS SRL

STAND ALONE ANNUAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED AS OF
31 MARCH 2019**

**Prepared according to the Order of the Romanian Minister of Public
Finance no. 1802/2014 and subsequent amendments**



S.C. GLENMARK PHARMACEUTICALS SRL
BALANCE SHEET

BALANCE SHEET
as of 31st March 2019

	Row	Note	31 March 2018 (lei)	31 March 2019 (lei)
A. NON-CURRENT ASSETS				
I. INTANGIBLE ASSETS				
1. Set-up expenses	01			
2. Development costs	02			
3. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	03		3,659	4,156
4. Goodwill	04			
5. Tangible assets for exploration and evaluation of mineral resources	05			
6. Advances	06			
TOTAL	07	1 a)	3,659	4,156
II. TANGIBLE ASSETS				
1. Land and buildings	08		52,405	
2. Technical installations and machines	09		83,669	127,058
3. Other equipment, tools and furniture	10		633	
4. Investment property	11			
5. Intangible assets in progress	12			
6. Investment property in progress	13			
7. Intangible assets for exploration and evaluation of mineral resources	14			
8. Biological assets	15			
9. Advances	16			
TOTAL	17	1b)	136,706	131,214
III. FINANCIAL ASSETS				
1. Shares in affiliated undertakings	18			
2. Loans to affiliated undertakings	19			
3. Participating interests	20			
4. Loans to undertakings with which the company is linked by virtue of participating interests	21			
5. Investments held as non-current assets	22			
6. Other loans	23		42,778	99,661
TOTAL	24	1c)	42,778	99,661
NON-CURRENT ASSETS - TOTAL	25		214,058	230,875

S.C. GLENMARK PHARMACEUTICALS SRL
BALANCE SHEET

	Row	Note	31 March 2018 (lei)	31 March 2019 (lei)
B. CURRENT ASSETS				
I. STOCKS				
1. Raw materials and consumables	26			
2. Work in progress	27			
3. Finished goods and merchandise	28		5,086,138	4,023,262
4. Advance payments for purchase of inventories	29			
TOTAL	30		5,086,138	4,023,262
II. ACCOUNTS RECEIVABLES				
1. Trade receivables	31		4,652,595	5,162,037
2. Receivables from affiliated undertakings	32		3,442,066	2,419,332
3. Receivables from undertakings with which the company is linked by virtue of participating interests	33			
4. Other receivables	34		2,101,562	1,169,791
5. Subscribed and not paid in	35			
TOTAL	36		10,196,223	8,751,160
III. SHORT-TERM INVESTMENTS				
1. Shares in affiliated undertakings	37			
2. Other short-term investments	38			
TOTAL	39			
IV. CASH IN HAND AND AT BANK	40		13,472,772	2,481,645
CURRENT ASSETS - TOTAL	41		28,755,133	15,256,068
C. PREPAID EXPENSES	42		4,158	36,458
1. Amounts taken over a period of less than one year	43			
2. Amounts taken over a period higher than one year	44			
D. CURRENT LIABILITIES				
1. Debenture loans, showing convertible loans separately	45			
2. Amounts due to credit institutions	46		11,122	
3. Advances cashed in orders	47			

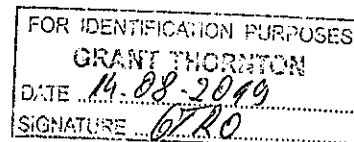
S.C. GLENMARK PHARMACEUTICALS SRL
BALANCE SHEET

	Row	Note	31 March 2018 (lei)	31 March 2019 (lei)
4. Trade liabilities - suppliers	48		482,564	395,819
5. Trade bills payable	49			
6. Amounts due to affiliated undertakings	50		26,598,585	13,017,426
7. Amounts due to undertakings with which the company is linked by virtue of participating interests	51			
8. Other liabilities, including tax and social security payables	52		13,382,073	184,869
TOTAL	53		40,474,344	13,598,114
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	54		(11,715,053)	1,694,412
F. TOTAL ASSETS LESS CURRENT LIABILITIES	55		(11,531,910)	1,925,287
G. NON-CURRENT LIABILITIES				
1. Debenture loans, showing convertible loans separately	56			
2. Amounts due to credit institutions	57			
3. Advances cashed in orders	58			
4. Trade liabilities - suppliers	59			
5. Trade bills payable	60			
6. Amounts due to affiliated undertakings	61			
7. Amounts due to undertakings with which the company is linked by virtue of participating interests	62			
8. Other liabilities, including tax and social security payables	63			
TOTAL	64			
H. PROVISIONS				
1. Provisions for pensions and similar liabilities	65			
2. Provisions for tax	66			
3. Other provisions	67			
TOTAL	68			
I. DEFERRED INCOME				
1. Subsidies for investments	69			

FOR IDENTIFICATION PURPOSES
GRANT THORNTON
DATE 14.08.2019
SIGNATURE GTRD

S.C. GLENMARK PHARMACEUTICALS SRL
BALANCE SHEET

	Row	Note	31 March 2018	31 March 2019 (lei)
Amounts taken over a period of less than one year	70			
Amounts taken over a period higher than one year	71			
2. Deferred income - total, out of which	72			
Amounts taken over a period of less than one year	73			
Amounts taken over a period higher than one year	74			
3. Deferred income related to assets received by transfer from customers	75			
Amounts taken over a period of less than one year	76			
Amounts taken over a period higher than one year	77			
Negative goodwill	78			
TOTAL	79			
J. CAPITAL AND RESERVES				
I. SHARE CAPITAL				
1. Subscribed and paid in share capital	80		18,241,300	202,500
2. Subscribed and not paid in share capital	81			
3. Patrimony of the public company	82			
4. Patrimony of national research and development institutes	83			
5. Other elements of share capital	84			
TOTAL	85		18,241,300	202,500
II. SHARE PREMIUM	86			2,497,500
III. REVALUATION RESERVES	87			
IV. RESERVES				
1. Legal reserves	88		794,135	40,000
2. Statutory or contractual reserves	89			
3. Other reserves	90			
TOTAL	91		794,135	40,000
Own shares	92			
Gain related to equity instruments	93			
Loss related to equity instruments	94			
V. RESULT CARRIED FORWARD				
Balance C	95			740,590
Balance D	96		32,006,762	
VI. RESULT OF THE FINANCIAL YEAR				



S.C. GLENMARK PHARMACEUTICALS SRL
BALANCE SHEET

	Row	Note	31 March 2018 (lei)	31 March 2019 (lei)
Balance C	97		1,515,176	
Balance D	98			1,555,304
Profit distribution	99		75,759	
SHAREHOLDERS' EQUITY - TOTAL	100		(11,531,910)	1,925,286
Public domain	101			
Private domain	102			
SHAREHOLDERS' EQUITY - TOTAL	103		(11,531,910)	1,925,286

Authorised for issue and signed on behalf of the Board of Directors as at July, 3rd 2019 by:

ADMINISTRATOR
 through empowered person
 Eliska Hausnerova
 Signature [Signature]

PREPARED BY,
 Ioana Barbu
 Finance Manager
 Signature [Signature]

Stamp



FOR IDENTIFICATION PURPOSES
 GRANT THORNTON
 DATE 16.08.2019
 SIGNATURE *GRD*

S.C. GLENMARK PHARMACEUTICALS SRL
INCOME STATEMENT

INCOME STATEMENT
as of 31st of March 2019

	Row	Note	31 March 2018 (lei)	31 March 2019 (lei)
1. Net turnover	01	o c)	14,191,139	13,352,162
Production sold	02		4,887,728	3,572,852
Income on sale of goods	03		33,244,204	16,957,176
Trade discounts granted	04		23,940,793	7,177,866
Interest income recorded by leasing companies erased from the General Register	05			
Income on operating grants corresponding to the net turnover	06			
2. Income related to the cost of work in progress				
Balance C	07			
Balance D	08			
3. Production realised by the undertaking for own purposes and capitalised	09			
4. Revenues from revaluation of tangibles	10			
5. Revenues from investment properties	11			
6. Revenues from subsidies	12			
7. Other operating income:	13			
- out of which, income arising from the negative goodwill	14		3,216	7,657
- out of which, income arising from subsidies	15			
OPERATING INCOME - TOTAL	16		14,194,355	13,359,819
8. a) Raw material and consumable expenses	17		60,127	65,342
Other material expenses	18		17,532	32,510

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S.C. GLENMARK PHARMACEUTICALS SRL
INCOME STATEMENT

	Row	Note	31 March 2018 (lei)	31 March 2019 (lei)
b) Other external expenses (energy and water)	19		7,775	8,397
c) Merchandise expenses	20		7,201,830	9,243,456
Trade discounts received	21			
9. Staff costs, out of which:	22		2,624,702	2,238,654
a) Wages and salaries	23		2,217,445	2,189,162
b) Social security contribution	24		407,257	49,492
10. a) Tangible and intangible assets value adjustment	25		65,741	66,927
a.1) Expenses	26		65,741	66,927
a.2) Revenues	27			
b) Current assets value adjustment	28		(2,228,421)	200,109
b.1) Expenses	29		91,315	528,403
b.2) Revenues	30		2,319,736	328,294
11. Other operating expenses	31		6,066,436	2,838,116
11.1 External services expenses	32		2,695,027	2,797,662
11.2 Other taxes and similar liabilities	33		2,744,556	(166,922)
11.3 Other environmental taxes	34			
11.4 Expenses related to revaluation of tangibles	35			
11.5 Expenditures on disasters and other similar items	36			
11.6 Other expenses	37		626,853	207,376
Expenses with refunding interests recorded by leasing companies erased from the General Register	38			

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S.C. GLENMARK PHARMACEUTICALS SRL
INCOME STATEMENT

Provision adjustments	39		(387,903)	
Expenses	40			
Revenues	41		387,903	
OPERATING EXPENSES – TOTAL	42		13,427,819	14,693,511
	Row	Note	31 March 2018	31 March 2019
			(lei)	(lei)
OPERATING RESULT				
- Profit	43		766,536	
- Loss	44			1,333,692
12. Income from participating interests	45			
- out of which, income from affiliated undertakings	46			
13. Interest income	47		2,194	5,412
- out of which, income from affiliated undertakings	48			
14. Revenues from subsidies for interest due	49			
15. Other financial income	50		1,104,140	(30,531)
- out of which, income from other non-current financial assets	51			
FINANCIAL INCOME – TOTAL	52		1,106,334	(25,119)
16. Value adjustment in respect of financial assets and financial investments held as current assets	53			
- Expenses	54			
- Revenues	55			
17. Interest expense	56		574,635	
- out of which, expenses with affiliated undertakings	57		406,528	
Other financial expenses	58		(216,941)	196,493
FINANCIAL EXPENSES – TOTAL	59		357,694	196,493

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 DATE 14.08.2019
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S.C. GLENMARK PHARMACEUTICALS SRL
INCOME STATEMENT

FINANCIAL RESULT				
- Profit	60		748,640	
- Loss	61			221,112
TOTAL REVENUES	62		15,300,689	13,334,700
	Row	Note	31 March 2018	31 March 2019
			(lei)	(lei)
TOTAL EXPENSES	63		13,785,513	14,890,004
18. GROSS RESULT				
- Profit	64		1,515,176	
- Loss	65			1,555,304
19. Income tax	66			
20. Other taxes not shown above	67			
21. NET RESULT OF THE FINANCIAL YEAR				
- Profit	68		1,515,176	
- Loss	69			1,555,304

Authorised for issue and signed on behalf of the Board of Directors as at July, 3rd 2019 by:

ADMINISTRATOR
 through empowered person
 Eliska Hausnerova
 Signature Hauss

PREPARED BY,
 Ioana Barbu
 Finance Manager
 Signature Ioana Barbu

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FOR IDENTIFICATION PURPOSES
 GRANT THORNTON
 DATE 14.08.2019
 SIGNATURE GTR

GLENMARK PHARMACEUTICALS SRL
CASH FLOW STATEMENT

	Financial year ended as at 31 March 2018	Financial year ended as at 31 March 2019
	(RON)	(RON)
Cash flow from operational activities		
Profit before tax	1,515,176	(1,555,304)
Non-monetary adjustments:		
Depreciation and amortization	65,741	66,927
Creation of provisions		
Income from cancellation of provision	(387,903)	-
Income from cancellation of provision for receivables	(91,909)	-
Income from cancellation of provision for inventories	(2,227,823)	(328,294)
Allowance for Bad debts expenses	91,315	254,098
Allowances for inventories		274,305
Net book value of fixed assets disposed off		
Interest income	(2,194)	(5,412)
Interest expenses	574,635	-
Operational result before working capital adjustments	(510,799)	(1,293,680)
Working capital adjustments		
Increase/Decrease in inventories	(1,852,019)	1,116,865
Increase/Decrease in trade receivables and other receivables	2,015,739	1,444,011
Increase/ Decrease in trade payables and other liabilities	9,139,095	(4,351,130)
Increase/Decrease in prepayments	3,384	(32,300)
Subtotal	9,306,199	(1,822,554)
Interest received	2,194	5,412
Income tax paid		
Net cash flow from operational activity	8,797,594	(3,110,822)
Investing activity:		
Purchase of fixed assets	(34,828)	(103,058)
Purchase of acquisition of financial assets		(56,883)
Gain/loss from sale of fixed assets		45,092
Net cash flow from investing activity	(34,828)	(114,849)
Financing activity:		
Interest paid withdrawn from reimbursement of loans	(574,635)	(629,311)
Changes to share capital	2,526,377	-
Increase/ (decrease)		2,497,500


FOR IDENTIFICATION PURPOSES
GRANT THORNTON
DATE 14.08.2019
SIGNATURE GTR

**GLENMARK PHARMACEUTICALS SRL
CASH FLOW STATEMENT**

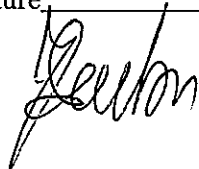
Net cash flow from/ (used in) financing activity	1,951,742	(7,765,456)
Net increase/ (decrease) in cash and cash equivalents	10,714,508	(10,991,127)
Changes in cash and cash equivalents		
Balance at the beginning of the year	2,758,264	13,472,772
Balance at the end of the year	13,472,772	2,481,645

Authorised for issue and signed on behalf of the Board of Directors as at July 3rd 2019 by:

ADMINISTRATOR
through empowered person

Eliska Hausnerova
Signature 

PREPARED BY,

Ioana Barbu
Finance Manager
Signature 

Stamp



GLENMARK PHARMECEUTICALS SRL
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR IDENTIFICATION PURPOSES
GRANT THORNTON
DATE 14.08.2019
SIGNATURE G.TRO

Equity item	Balances as of 31.03.2018 (lei)	<u>Increases</u> (lei)	Decreases/ Distributions (lei)	Balances as of 31.03.2019 (lei)
Subscribed capital (note o)	18,241,300	15,000	18,053,800	202,500
Share premiums	-	14,997,500	12,500,000	2,497,500
Legal reserves	794,135		754,135	40,000
Result carried forward representing the profit not distributed or loss not covered				
Balance C	1,779,548	1,439,417	2,478,375	740,590
Balance D	33,786,310	-	33,786,310	-
Subscribed capital (note o)				
Result carried forward from correction of accounting errors				
Balance C	-	-	-	-
Balance D	-	-	-	-
Result of the financial year				
Balance C	1,515,176	-	1,515,176	-
Balance D	-	1,555,304	-	1,555,304
Profit distribution	75,759		75,759	-
Total equity	<u>(11,531,910)</u>	<u>14,972,372</u>	<u>1,515,175</u>	<u>1,925,286</u>

**GLENMARK PHARMECEUTICALS SRL
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR IDENTIFICATION PURPOSES
GRANT THORNTON
DATE 14.08.2019
SIGNATURE *G.T.A.*

Equity item	Balances as of 31.03.2017 (lei)	<u>Increases</u> (lei)	Decreases/ Distributions (lei)	Balances as of 31.03.2018 (lei)
Subscribed capital (note o)	18,241,300	-	-	18,241,300
Legal reserves	718,377	75,759	-	794,135
Result carried forward representing the profit not distributed or loss not covered				
Balance C	1,779,548	-		1,779,548
Balance D	4,612,888	29,173,422	-	33,786,310
Subscribed capital (note o)				
Result carried forward from correction of accounting errors				
Balance C				-
Result of the financial year				
Balance C	-	1,515,176	-	1,515,176
Balance D	29,173,422	-	29,173,422	-
Profit distribution	=	75,759		75,759
Total equity	<u>(13,047,085)</u>	<u>(27,658,246)</u>	<u>(29,173,422)</u>	<u>(11,531,910)</u>

Authorised for issue and signed on behalf of the Board of Directors as at July 3rd 2019 by:

ADMINISTRATOR
through empowered person
Eliska Hausnerova
Signature *Eliska Hausnerova*

Stamp



PREPARED BY,

Ioana Barbu
Finance Manager
Signature *Ioana Barbu*

S.C. GLENMARK PHARMECEUTICALS SRL
NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT 31 MARCH 2019

1 NON-CURRENT ASSETS

a) Intangible assets

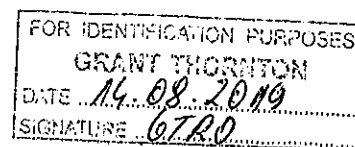
--	Concessions, patents, licenses, trademarks, similar rights and values and other intangible	
	<u>Assets</u>	<u>Total</u>
	(lei)	(lei)
Gross value		
Balance as at 1 April 2018	271,812	271,812
Additions	5,249	5,249
Disposals, transfers and other reductions	-	-
Balance as of 31 March 2019	277,061	277,061
Accumulated amortisation		
Balance as at 1 April 2018	268,153	268,153
Charge for the year	4,752	4,752
Balance as at 31 March 2018	272,905	272,905
Net carrying amount as at 1 April 2018	<u>3,659</u>	<u>3,659</u>
Net carrying amount as at 1 April 2019	<u>4,156</u>	<u>4,156</u>

S.C. GLENMARK PHARMECEUTICALS SRL
 NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AS AT 31 MARCH 2019

FOR IDENTIFICATION PURPOSES
 GRANT THORNTON
 DATE 14.08.2019
 SIGNATURE GTHO

b) Tangible assets

	<u>Land and buildings</u>	<u>Technical installations and machines</u>	<u>Other plant, equipment and furniture</u>	<u>Total</u>
	(lei)	(lei)	(lei)	(lei)
Gross value				
Balance as at 1 April 2018	306,676	332,387	169,127	808,190
Additions		97,809		97,809
Decreases	94,243	104,724		198,967
Balance as at 31 March 2019	212,433	325,472	169,127	707,032
Accumulated depreciation				
Balance as at 1 April 2018	254,272	248,716	168,494	671,482
Charge for the year	14,707	46,835	633	62,175
Decreases registered during the financial year	56,546	97,138		153,685
Balance as at 31 March 2019	212,433	198,413	169,127	579,973
Net carrying amount as at 1 April 2018	<u>52,405</u>	<u>83,669</u>	<u>633</u>	<u>136,706</u>
Net carrying amount as at 31 March 2019	=	<u>127,059</u>	<u>-</u>	<u>127,059</u>



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Movements tangible assets

During the financial period as of 31st of March 2019 the company purchased IT equipment (laptops, server, monitor, server cabinet) for the value of 95,211.24 RON, as follows: in July 2018 for the value of 56,916.75 RON, in September for the value of 28,852.80 RON, and in December for the value of 9,441.69 RON.

Also, IT equipment (laptops) was disposed and the value of head office improvements was adjusted according to the contractual period.

Revaluation of tangible assets

No revaluation of tangible assets had taken place as at 31 March 2019.

Impairment of assets

At 31 March 2019, as a result of performing the year-end stock-count, it was determined that the value of all items of property, plant and equipment identified during the annual count was the same as their carrying value. As a result, no impairment loss has been recorded in these financial statements.

Pledged and restricted tangible assets

As at 31 March 2018 and 31 March 2019 there are no pledged and restricted tangible assets which constitutes a guarantee.

Tangible assets used under leases where the Company is the lessee

As at 31 March 2019 the Company has no tangible assets held under finance lease.

Sale and leaseback

No sale and leaseback agreement has been concluded as at 31 March 2019.

Non-cash transactions

As at 31 March 2018 the Company had no non-cash transactions related to tangible assets.

Transactions with related parties

As at 31 March 2019 the Company had no transactions with related parties for intangible assets.

Financial assets

Participating interests held to companies within the Group.

As at 31 March 2019, the Company had no subsidiaries.

S.C. GLENMARK PHARMACEUTICALS SRL
NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS
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2 PROVISIONS FOR RISKS AND EXPENSES

The Company does not have provisions for risks and expenses registered neither as of 31.03.2019, nor as of 31.03.2018.

3 PROFIT DISTRIBUTION

Profit distribution made during the year ended as at 31 March 2018 and the proposal for the profit distribution for the year ended as at 31 March 2019 are as follows:

Purpose	Financial year ended as at 31 March 2018 (lei)	Financial year ended as at 31 March 2019 (lei)
Retained earnings	1,779,548	3,218,965
Profit of the current year	1,515,176	
Gross profit to be distributed:	-	-
- legal reserve	75,759	-
- cover of accounting loss	-	2,478,365
- correction of retained earnings	-	-
Undistributed profit / (loss) to be covered at the end of the period	<u>3,218,965</u>	<u>740,590</u>

Changes during the financial period for the result carried forward are as follows:

Details	Amount
Balance as of 31.03.2018 result brought fwd (loss)	(33,786,310)
Profit carried fwd 2017-2018 (after deduction of legal reserve)	1,439,417
Loss covered from 2016-2017 profit	1,779,548
Loss covered from reduction of share capital	18,053,800
Loss covered from share premiums	12,500,000
Transfer to result carried forward of the legal reserve decrease to 20% of the share capital	754,135
Closing balance 31.03.2019 result carried forward	740,590

Proposed/declared dividends

During the financial year ended at 31 March 2019, the Company registered a loss of 1,555,304 RON which will be covered from the profit carried forward and/or the profit of the following periods, according to the Sole Owner decisions.

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NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING AT 31 MARCH 2019

4 ACCOUNTS RECEIVABLE AND PAYABLE

<u>Receivables</u>	<u>Balance as of</u> <u>31 March 2018</u> <u>(lei)</u> <u>1=2+3</u>	<u>Due in</u>	
		<u>under 1 year</u> <u>(lei)</u> <u>2</u>	<u>over 1 year</u> <u>(lei)</u> <u>3</u>
Trade receivables	4,652,595	4,652,595	-
Receivables from related parties	3,442,066	3,442,066	-
Other receivables	2,101,562	2,101,562	-
<u>Total</u>	<u>10,196,223</u>	<u>10,196,223</u>	<u>-</u>

<u>Receivables</u>	<u>Balance as of</u> <u>31 March 2019</u> <u>(lei)</u> <u>1=2+3</u>	<u>Due in</u>	
		<u>under 1 year</u> <u>(lei)</u> <u>2</u>	<u>over 1 year</u> <u>(lei)</u> <u>3</u>
Commercial trade receivables	5,162,037	5,162,037	-
Receivables from related parties	2,419,332	2,419,332	-
Other receivables	1,169,791	1,169,791	-
<u>Total</u>	<u>8,751,160</u>	<u>8,751,160</u>	<u>-</u>

Other receivables include: VAT to be recovered 827.036 Ron, 272.672 Ron amount to be recovered from FNUASS, 56.451 Ron prepaid profit tax, and other prepaid taxes 13.632 Ron.

As of 31 March 2019 the Company registered allowance for doubtful debts of 2.726.845 Ron (31 March 2018: 2.472.747). The evolution of doubtful debts is presented in the table below:

	<u>Financial year</u> <u>ended as at</u> <u>31 March 2018</u>	<u>Financial year</u> <u>ended as at</u> <u>31 March 2019</u>
Op. Balance as of 1st of April	2,564,656	2,472,747
Increases during the year	-	254,098
Amounts written off	-	-
Reversal during the year	91,909	-
compensation for allowance advances paid	-	-
Closing Balace as of 31st of March	2,472,747	2,726,845

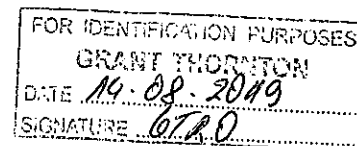
FOR IDENTIFICATION PURPOSES
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<u>Payables</u>	Balance as of 31 March 2018 (lei) (col. 2+3+4)	Due in		
		under 1 year (lei)	1 - 5 years (lei)	over 5 years (lei)
	1	2	3	4
Amounts due to credit institutions	11,122	11,122	-	-
Loans due to related parties	9,633,645	9,633,645	-	-
Trade payables – third parties	482,564	482,564	-	-
Trade payables - related parties	16,379,051	16,379,051	-	-
Interest due to related parties	585,889	585,889	-	-
Other liabilities, including tax and social security payables	13,382,073	13,382,073	-	-
Total	<u>40,474,344</u>	<u>40,474,344</u>	=	=

<u>Payables</u>	Balance as of 31 March 2019 (lei) (col. 2+3+4)	Due in		
		under 1 year (lei)	1 - 5 years (lei)	over 5 years (lei)
	1	2	3	4
Amounts due to credit institutions	-	-	-	-
Trade payables – third parties	395,819	395,819	-	-
Trade payables - related parties	13,017,426	13,017,426	-	-
Loans due to related parties	-	-	-	-
Interest due to related parties	-	-	-	-
Other liabilities, including tax and social security payables	184,869	184,869	-	-
Total	<u>13,598,114</u>	<u>13,598,114</u>	=	=

The amount of 3,127 lei represents amount owed to the bank for the company credit cards allocated to employees.



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As of 31st of March 2019 and 2018, the position of „other debts, including tax and social security payables” are as follows:

	31 March 2018	31 March 2019
Salaries and related liabilities	107,129	110,948
Social contributions		70,794
Clawback tax	765,047	-
Other liabilities	12,509,897	3,127
Total	<u>13,382,073</u>	<u>184,869</u>

Balances and transactions with related parties are presented in the Note 8 j).

5. ACCOUNTING POLICIES, PRINCIPLES AND METHODS

The main accounting policies adopted in preparing these financial statements are disclosed below.

A Basis of preparation

(1) General information

These financial statements have been prepared in accordance with:

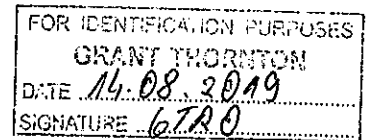
- (i) The Accounting Law no 82/1991 republished in June 2008 (“Law 82”)
- (ii) Accounting regulations harmonised with the European norms approved by the Order of the Minister of Public Finance of Romania 1802/2014 and subsequent amendments (“OMF 1802”).

In accordance with criteria size detailed in OMF 1802, the Company falls into the category of medium-sized entities.

These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies.

(2) Use of estimates

The preparation of financial statements in accordance with OMF 1802 requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are based on the best information available as at the date of the financial statements, actual results may differ from these estimates.



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(3) Going concern

These financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

At 31 March 2019, the Company registered positive net assets, calculated as the difference between total debts and total assets, worth 1,925,287 lei (31 March 2018: negative net assets in the amount of 11,531,910 lei). The Company registered an accounting loss of 1,555,304 lei, the previous period result being an accounting profit of 1,515,176 lei.

In order to solve the negative net assets as of 31.03.2018, as per the Decision of the Sole Owner who convened the Extraordinary Assembly, the share capital of the Company was increased from 18,241,300 lei to 18,253,800 lei. The related share premiums were 12,500,000 lei. Following this, the losses carried forward were covered, based on the Decision of the Sole Owner, through the decrease of share capital with 18,053,800 lei, from 18,253,800 lei to 200,000 lei, through cancellation of share premiums with 12,500,000 lei, and through reduction of legal reserve with 754,135 lei, from 794,135 lei to 40,000 lei, in order to comply with the level imposed by the law for these reserves. Also in this financial period, the Company received a new infusion of share capital of 2,500 lei together with share premium of 2,497,500 lei.

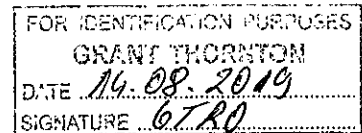
Considering the transactions carried out, the management considers that the Company will be able to continue its business in the foreseeable future and therefore the application of the going concern principle in the preparation of the financial statements is justified.

(4) Currency used for the financial statements

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei.

B Foreign currency translation

Foreign currency transactions of the Company are translated into the measurement currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions. At each month end, foreign currency balances are translated into RON using the exchange rates communicated by NBR for the last banking day of the month. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within the financial result.



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C Intangible assets

- (i) *Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets*

Concessions, patents, licenses, trademarks and other intangible assets are recorded at purchase cost or at the input value.

Received concessions are reflected as intangible assets when the concession contract establishes a determined period and value for the concession. Amortization of concession is recorded for its length of use, established in accordance to the contract.

Patents, licenses, trademarks and other intangible assets are amortized using the straight-line method in a period of 3 years.

D Tangible assets

- (1) Cost/evaluation

Tangible assets are initially evaluated at purchase cost.

No revaluation of tangible noncurrent assets had taken place as at 31 March 2019 and as at 31 March 2018.

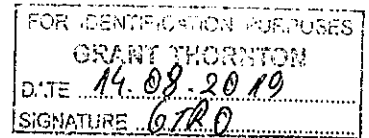
If a tangible asset fully depreciated can still be used, when revalued it is given a new value and a new economic useful life, corresponding to the estimated future period of use.

The expenditure on repairs or maintenance of tangible assets is recognized as incurred while the significant improvements which increase the value or useful life of the assets, or which increase their revenue generating capacity are capitalized.

- (2) Depreciation

Depreciation is determined at restated cost using the straight-line method over the estimated useful life of the assets, as follows:

<u>Asset</u>	<u>Years</u>
Building improvements	5
Technical installations and machines	4
Other plant, tools and furniture	6



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Depreciation is computed starting with the month following the commissioning and until total recovery of the entry value.

(3) **Sale/disposal of tangible assets**

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting as a difference between the revenue generated by the disposal and value not depreciated, including expenses caused by such operation, is included in the statement of income, within "Other operating income" or "Other operating", as appropriate.

When the Company recognises in the carrying value of a tangible asset the cost of a partial disposal the carrying amount of the replaced part, and the related depreciation, is derecognised.

(4) **Assets sold and leased back**

The sale and lease back of the same asset through a financial leasing contract is treated as being a financing transaction, and the asset is being kept in the patrimony of the Company.

E Impairment of tangible and intangible assets

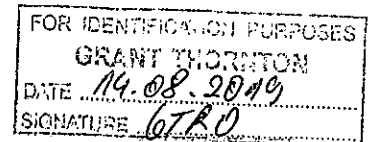
At each year-end, the items of property, plant and equipment and other non-current assets are reconciled with the results of the annual count. For this purpose, the carrying value is compared with the value established on stock-count, referred to as the annual count value. If this value is lower than the carrying value, the differences are accounted for as additional depreciation and amortization for assets where depreciation is irreversible, or as an adjustment for depreciation, where depreciation is reversible. The annual count value is determined based on the asset's utility, condition and market price.

F Financial assets

Financial assets include shares in affiliated undertakings, loans to affiliated undertakings, participating interests, loans to entities with which the Company is linked by virtue of participating interests and other investments held as assets.

G Inventories

Inventories are recorded at the lowest value between cost and estimated net realizable value. Cost is generally determined using the weighted average cost method computed after each reception. The cost of finished products and in progress includes



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materials, labour and the related indirect expenses. Provisions are made for slow moving, damaged and obsolete stocks, where necessary. The net realizable value is estimated based on the selling price less any completion and selling expenses.

H Trade receivables

Trade receivables are registered at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is made when there is objective evidence that the Company will not be able to collect all due amounts according to the initial due dates.

I Cash and cash equivalents

Cash and cash equivalents are recorded at cost in the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank accounts. Bank deposits of more than 3 months are presented as cash and cash equivalents if they are held in order to meet the need for short-term cash and not for investment purposes.

J Share capital

Ordinary shares are classified as own equity.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as Losses related to issuance of equity instruments.

Where the Company buys back its equity shares, the consideration paid is deducted from equity. Where such shares are subsequently reissued, any consideration received (net of transaction costs) is included in equity.

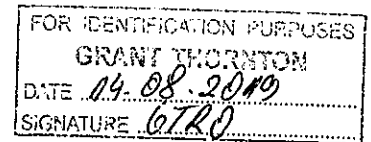
The exchange rate differences between the time the shares are subscribed and the time the consideration is paid in do not represent gains or losses related to the issuance, redemption, sale, free cession or cancellation of the entity's equity instruments, these being recognised within financial revenues or expenses, as appropriate.

K Dividends

Dividends corresponding to ordinary shares are recognised in the equity in the period when they are declared.

L Borrowings

Short and long-term borrowings are recognised initially at the amount received. Difference between amounts received and the redemption value are recognized in profit and loss over the period of the loan.



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Fees and bank charges related to long-term loans are recognized as prepaid expenses. Prepaid expenses will be recognized as expenses in the income statement over the period of the respective loans.

If the Company has an unconditional right to defer settlement of loans for at least twelve months after the end of the reporting period, the debts in question are classified as non-current liabilities. Other loans are presented as current liabilities.

Short term part of long-term loans is classified as "Debt: Amounts to be paid within a period of one year" and included in "Amounts owed to credit institutions – short term" together with the accumulated interest.

M Accounting for leases where the Company is the lessee

(1) Operating lease agreements

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

N Trade payables

Trade payables are recorded at the value of the amounts payable for the goods or services received.

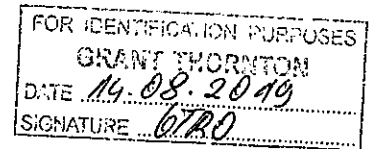
O Provisions

Provisions for decommissioning, restructuring, litigation and other provisions for risks and charges are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Restructuring provisions include direct costs arising from restructuring, namely those that are necessarily entailed by the restructuring and which are not related to the entity's ongoing activity.

No provisions are recognised for future operating losses. The value of provisions for pensions are set by specialists in this field (actuaries).

P Employee benefits

Pensions and other post-retirement benefits



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The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognised in the income statement together with the related salary costs.

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

Q Taxation

Current profit tax

The Company records current profit tax based upon taxable income from the Romanian financial statements, in accordance with the applicable Romanian tax legislation.

R Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services.

Revenues from goods sales are recognised when the Company has transferred to the buyer the main risks and benefits related to the goods possession.

Revenues from services provided are recognised in the period they refer to.

Interest income are recognised periodically and proportionally as the respective revenue is generated on an accrual accounting basis.

Commercial discounts granted after invoicing are recorded in the income statement as part of operating income, in the position "commercial discounts granted".

Dividends are recognized as income when the legal right to receive these amounts is established, which is the moment when they are approved.

Revenues and costs are shown at gross values in these financial statements. Amounts payable to and receivable from the same operators are shown net in the balance sheet when a right to offset exists.

S Turnover

The turnover represents the amounts invoiced and to be invoiced, net of VAT and discounts, in relation to the goods and services provided to third parties.

T Operating expenses

The operating expenses are recognised in the period they refer to.

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U Financial expenses

The financial expenses are recognized in the period they refer to.

6. INVESTMENTS AND FINANCING SOURCES

a) Share capital

The value of the authorised capital as at 31 March 2019 is 202,500 lei representing 20,250 equity shares and at 31 March 2018 it was 18,241,300 lei representing 1,824,130 equity shares. All the equity shares were subscribed and paid in full by 31 March 2019. All equity shares carry equal voting rights and have a nominal value of RON 10 per share.

The shareholding structure as at 31 March 2019 is as follows:

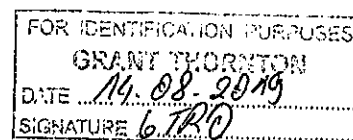
	Number of shares	Amount (lei)	Percentage (%)
Sole shareholder Glenmark Holding			
SA	<u>20,250</u>	<u>10</u>	<u>100</u>
Total	<u>20,250</u>	<u>10</u>	<u>100</u>

The shareholding structure as at 31 March 2018 is as follows:

	Number of shares	Amount (lei)	Percentage (%)
Sole shareholder Glenmark Holding			
SA	<u>1,824,130</u>	<u>10</u>	<u>100</u>
Total	<u>1,824,130</u>	<u>10</u>	<u>100</u>

b) Equity shares issued during the financial year

During the period ending 31st of March 2019 the Company issued 1,250 new equity shares followed by a decrease of 1,805,380 equity shares. Subsequently, another 250 new equity shares were issued, the Company having at the end of the period 20,250 equity shares.



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7. INFORMATION REGARDING THE EMPLOYEES AND THE ADMINISTRATIVE AND MANAGEMENT MEMBERS

a) Remuneration of the administrative and management members

	Financial year ending 31 March 2019 (lei)	Financial year ending 31 March 2018 (lei)
<i>Payroll expenses:</i>	<u>1,448,974</u>	<u>1,407,477</u>
Directors	<u>1,448,974</u>	<u>1,407,477</u>

Advances and credits granted to the administrative and management members

No advances and credits were granted to the administrative and management members.

b) Employees

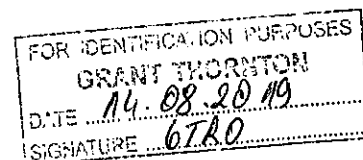
The average number of employees during the year was the following:

	Financial year ending 31 March 2019	Financial year ending 31 March 2018
Administration staff	4	4
Operative staff	<u>6</u>	<u>6</u>
	<u>10</u>	<u>10</u>

Payroll expenses contain:

	Financial year ending 31 March 2019	Financial year ending 31 March 2018
Salaries cost	2,189,162	2,217,445
Social security cost	<u>49,492</u>	<u>407,257</u>

	Financial year ending 31 March 2019 (lei)	Financial year ending 31 March 2018 (lei)
Salaries payable as at the end of the period	<u>110,948</u>	<u>107,129</u>



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8. OTHER INFORMATION

a) Information regarding the Company

SC Glenmark Pharmaceuticals SRL (“the Company”), with registered office in Bucharest, Sfântul Elefterie Street no. 18, floor 1, district 5, limited liability company, carries its main activity “Wholesale of pharmaceutical goods”, CAEN code 4646.

The Company opened during the financial year a working point in Bucharest, 24, Italiana street, 4th floor, Sector 2.

The company was founded by Glenmark Holding SA based in Switzerland CH-2300 La Chaux-de-Fonds, Chemin de la Combeta 5.

Glenmark Pharmaceuticals Ltd India is the ultimate owner in the group.

b) Information regarding the relationship of the Company with the subsidiaries, associated undertakings or other enterprises in which the Company holds strategic investments

The Company has no interests in subsidiaries, associates and joint ventures.

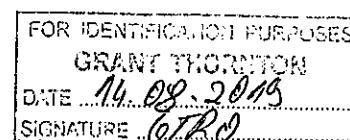
Information on related party transactions and details regarding the relations with the related parties are disclosed in Note 8 j).

c) Basis of conversion in local currency used to value assets and liabilities, income and expenses initially reflected in a foreign currency

The method used for measuring in local currency the patrimonial elements and the revenues and expenses recorded in foreign currency is disclosed in Note 5 B.

The main exchange rates used for translating into RON the balances recorded in foreign currency as at 31 March 2018 and as at 31 March 2019 were the following:

<u>Foreign currency</u>	<u>Abbreviation</u>	<u>Exchange rate (RON / unit of foreign currency)</u>	
		<u>31 March 2018</u>	<u>31 March 2019</u>
US Dollar	USD	3,7779	4,2434
Euro	EUR	4,6576	4,7628



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d) Information regarding current profit tax

	Financial year ending 31 March 2018 (lei)	Financial year ending 31 March 2019 (lei)
Gross profit /(gross loss)	1,515,176	(1,555,304)
Deductions	75,759	823,068
Elements similar to income	-	754,135
Non-taxable income	2,615,726	328,294
Non-deductible expenses	1,119,276	1,148,214
Taxable Profit/Fiscal Loss	(57,032)	(804,317)
Adjusted value related to previous year loss	130,912	135,006
Tax loss carried forward	(25,248,684)	(25,170,710)
Tax loss to be recovered in the following years	(25,305,716)	(25,975,027)
Calculated profit tax	-	-
Profit tax deductions	-	-
Current profit tax	-	-
Payable profit tax at the end of the period	-	-

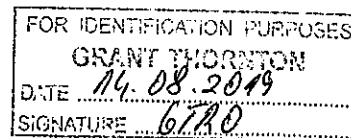
The fiscal year for which the profit tax was calculated is the same as the financial year, the period considered being April 2018 – March 2019.

e) Turnover

	Previous period 01.04.2017- 31.03.2018 (lei)	Current period 01.04.2018- 31.03.2019 (lei)
Incomes from selling goods (credit 707)	34,304,547	16,957,176
Incomes from trade discounts offered (debit 707 & 709)	(25,001,136)	(7,177,866)
Income from Services (credit 704)	4,887,728	3,572,852
Internal market	9,303,411	9,779,310
External market	4,887,728	3,572,852
TOTAL	14,191,139	13,352,162

f) Events subsequent to the balance sheet date

No subsequent events with material effect occurred after the year end and before the financial statements were issued, authorized and signed, for the year closed at March 31st 2019, except form those mentioned in Note 5 (3).



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More details related to subsequent events are presented in chapter k – contingent liabilities.

g) Rents and operational leasing

The Company has recorded the following expenses:

	Period ending 31 March 2018 (lei)	Period ending 31 March 2019 (lei)
Rent	556,746	397,466
Operational leasing	217,743	224,100

h) Fees paid to the auditors

During the financial year ended as at 31 March 2019, the Company paid audit fees in accordance with agreement signed with Grant Thornton Audit SRL.

i) Contingent liabilities and commitments

The Company has the following commitments:

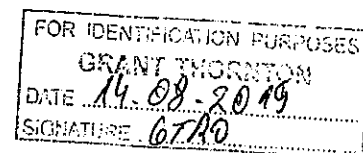
(i) Operating lease commitments where the Company is the lessee

	31 March 2018 (lei)	31 March 2019 (lei)
Less than 1 year	175,819	248,232
1 to 5 years	301,867	265,970
Over 5 years	-	-

(ii) Commitments related to rental agreements where the Company is the lessee

	31 March 2018 (lei)	31 March 2019 (lei)
Less than 1 year	228,763	271,906
1 to 5 years	10,494	511,265
Over 5 years	-	-

(i) Guarantees committed to third parties



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As at 31 March 2019, the Company paid a guarantee related to its premises to the Company Italiana Edilizia 2000 for the amount of 42,778 RON and a guarantee related to the working point in 24, Italiana street to the company Diamond Invest & Properties Srl for the amount of 56,883 lei.

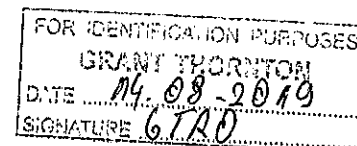
j) Affiliated undertakings/related party transactions

(1) Sales of goods and services

	Financial year ended as at 31 March 2018 (lei)	Financial year ended as at 31 March 2019 (lei)
<i>Sales of services</i>		
- Glenmark Pharmaceuticals s.r.o.	5,515,996	3,285,260
- Glenmark Pharmaceuticals s.r.o.	-	244,501
- Glenmark Pharmaceuticals Europe LTD UK	-	425,163
TOTAL	5,515,996	3,954,924

(2) Purchases of goods and services

	Financial year ended as at 31 March 2018 (lei)	Financial year ended as at 31 March 2019 (lei)
<i>Purchase of services</i>		
- Glenmark Pharmaceuticals Distribution s.r.o.	238,876	342,327
- Glenmark Pharmaceuticals s.r.o.	208,015	216,668
-TOTAL SERVICES	446,891	558,995
<i>Purchase of goods</i>		
- Glenmark Pharmaceuticals s.r.o.	8,368,494	8,282,646
TOTAL	8,815,385	8,841,641



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(3) Balances arising from sales/purchases of goods/services

	<u>31 March</u> <u>2018</u> (lei)	<u>31 March</u> <u>2019</u> (lei)
<i>Receivables from related parties</i>		
Trade Receivables		
- Glenmark Pharmaceuticals s.r.o.	3,440,206	2,367,086
- Glenmark Pharmaceuticals Limited India	1,860	1,886
- Glenmark Pharmaceuticals Europe LTD UK	-	50,360
TOTAL	3,442,066	2,419,332

	<u>31 March</u> <u>2018</u> (lei)	<u>31 March</u> <u>2019</u> (lei)
<i>Payables to related parties</i>		
- Glenmark Pharmaceuticals s.r.o	13,964,881	10,260,929
- Glenmark Pharmaceuticals Distribution s.r.o.	2,414,170	2,756,497
TOTAL	16,379,051	13,017,426

k. Contingencies

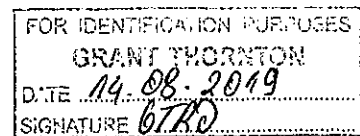
(1) Litigations

1. The Company is involved in the file 3625/93/2014, Ilfov Court, involving the insolvency procedure against A.D.M. Farm S.R.L. as debtor.

The Company was enrolled in credential table for the amount of 1,595,405 RON, out of which the amount of 1,583,091 RON representing the value of pharmaceutical products sold and 12,314 RON representing late payment penalties computed until 11.12.2014. The Court approved the payment of 826,000 RON to the Company. The amount of 769,405 RON was therefore booked as expense during the year. From the total amount of 826,000 RON, the Company collected 566,810 RON during the year and for the difference of 259,190 RON it recognized an allowance for bad debts as at 31 March 2017.

There are no news in this case during the current financial year, the case was postponed for the hearings on 25.10.2018, 31.01.2019 and 30.05.2019 to continue the procedure. The next hearing is scheduled for 19th of October 2019.

2. The Company is involved in the file 17619/3/2015, case pending at Bucharest Court House, having as object the insolvency procedure of A&G Med Training Srl, as Debtor. As at 31 March 2016, the Company had to cash from A&G Med Trading SRL the amount of 1,879,054 RON. As a result of the fact that A&G Med Trading SRL is in insolvency, and the



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chances to collect overdue receivables are low, the Company recognized a provision for the entire amount at 31 March 2016. At 31 March 2017, the value of the provision was diminished with the amount of 83.018 RON, representing invoices issued during the course of the year for the returned products. The value of the provision as at 31 March 2017 is of 1,796,036 RON.

There are no news in this case during the current financial year, the case was postponed at all the hearings during this financial year (including the last hearing on 21.03.2019) to continue the procedure. The next hearing is scheduled for 19th of September 2019.

3. The Company is involved in the file 1408/85/2016, case pending at Sibiu Court House, having as object the insolvency procedure of Polisano SRL, as Debtor. As at 31 March 2017, the Company had to collect from Polisano SRL the amount of 509,433 RON, amount for which it recognized a provision.

There are no news in this case during the current financial year, the case was postponed at all the hearings to continue the procedure. The last hearing: 20.06.2019 – cause is postponed to continue the procedure (at the previous hearing on 04.04.2019 it was decided to continue with the procedure on 20.06.2019, to continue the procedure to sell the company assets and to solve the litigations). The next hearing is scheduled for 17.10.2019.

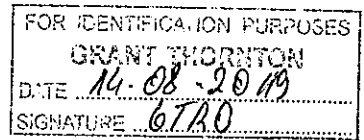
4. The Company is involved in the file 1653/3/2019, case pending at Bucharest Court House, having as object the dispute regarding the dismissal of Razvan Constantinescu. The last hearing was on 5th of June 2019. Solution: the case was dismissed. Solution shortly: the case was dismissed as being without ground. It was noted that the Company will request court expenses separately. With appeal in 10 days from communication, which will be submitted at Bucharest Court House, Section VIII, Labour Conflicts and Social Security. Decided on 5th of June 2019, the Decision being communicated to the parties through the Court clerk. Document: Court Decision 3266/2019 – 05.06.2019.

l) Taxation

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. As a result, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (currently, penalties determined by the duration of delay, plus 0.03% per day delay). In Romania, tax periods remain open for tax inspection for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

m) Transfer prices

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers




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engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation file. Failure to present the transfer pricing documentation file, or presenting an incomplete file, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments.

The Company's management believes that the Company will not suffer losses in case of a fiscal inspection on the subject of transfer prices. However, the impact of any challenge by the tax authorities cannot be reliably estimated. It may be significant to the financial condition and/or the overall operations of the entity.

The company prepared the transfer pricing documentation file for the period 01.01.2012-31.03.2017 and for the period 01.04.2018-31.03.2019 is in process.

ADMINISTRATOR
through empowered person
Eliska Hausnerova
Signature 

Stamp



PREPARED BY,
Ioana Barbu
Finance Manager
Signature 