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**GLENMARK PHARMACEUTICALS
DISTRIBUTION S.R.O.
PRAGUE**

R E P O R T

ON THE AUDIT
OF FINANCIAL STATEMENTS
AS AT 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT

To the Partner of

Glenmark Pharmaceuticals Distribution s. r. o.
limited liability company with registered capital of CZK 10.000.000
Registered Address: Hvězdova 1716/2b, Nusle, Prague 4, Zip Code 140 00
Company Identification Number (IČ): 047 27 339

Auditor's Opinion

We have audited the accompanying financial statements of Glenmark Pharmaceuticals Distribution s. r. o. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, showing a balance sheet total of 731.110 thds. CZK and a loss of 21.292 thds. CZK. These financial statements comprise the balance sheet as at 31 March 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information presented in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Managing Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material aspects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.



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Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material aspects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, that the other information does not contain any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Managing Directors (hereinafter also "Company's statutory body") for the Financial Statements

Company's statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the above mentioned regulations 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 financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's statutory body in the notes to the financial statements.



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- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's statutory body and regarding, among other matters, the planned scope and timing of the audit and our significant audit findings, including any significant deficiencies identified in the internal controls.

Grant Thornton Audit s.r.o.

Audit Firm

Praha 1, Jindřišská 16

Licence No. 085

Prague on May 25, 2018

Ing. Leoš Horváth
Auditor, Licence No. 2013
Managing Director

Ing. Hana Tomcová
Auditor, Licence No. 1722

BALANCE SHEET
in full scale
as of 31.3.2018
(in entire thousands CZK)

Identif. Code
04727339

Name and seat
of accountancy unit
Glenmark Pharmaceuticals
Distribution s.r.o.
Hvězdova 1716/2b
Praha 4
140 00

| Denotation a | A S S E T S b | Current accounting period | | | Previous acc. period |
|-----------------|---|---------------------------|-----------------|------------|----------------------|
| | | Brutto 1 | Correction 2 | Netto 3 | Netto 4 |
| | TOTAL ASSETS | 814,617 | - 83,507 | 731,110 | 811,673 |
| A. | Amounts receivable for subscribed registered capital | | | | |
| B. | Long-term assets | 468,045 | - 64,930 | 403,115 | 430,553 |
| B. I. | Long-term intangible assets | 3,382 | - 773 | 2,609 | |
| B. I. 1. | Research and development | | | | |
| B. I. 2. | Valuable rights (patents, licences and know-how) | 1,277 | - 773 | 504 | |
| B. I. 2.1. | Software | 62 | - 51 | 11 | |
| B. I. 2.2. | Other valuable rights (patents, licences and know-how) | 1,215 | - 722 | 493 | |
| B. I. 3. | Goodwill | | | | |
| B. I. 4. | Other long-term intangible assets | | | | |
| B. I. 5. | Advances for intangible fixed assets and intangible fixed assets under construction | 2,105 | | 2,105 | |
| B. I. 5.1. | Advances for long-term intangible assets | | | | |
| B. I. 5.2. | Intangible fixed assets under construction | 2,105 | | 2,105 | |
| B. II. | Long-term tangible assets | 464,663 | - 64,157 | 400,506 | 430,553 |
| B. II. 1. | Land and structures | | | | |
| B. II. 1.1. | Land | | | | |
| B. II. 1.2. | Structures | | | | |
| B. II. 2. | Plant and equipment | 4,424 | - 2,940 | 1,484 | 2,033 |
| B. II. 3. | Goodwill, incl. market value increment | 459,128 | - 61,217 | 397,911 | 428,520 |
| B. II. 4. | Other long-term tangible assets | | | | |
| B. II. 4.1. | Forests, orchards etc. | | | | |
| B. II. 4.2. | Full-grown animals and their herds | | | | |
| B. II. 4.3. | Other long-term tangible assets | | | | |
| B. II. 5. | Advances for tangible fixed assets and tangible fixed assets under construction | 1,111 | | 1,111 | |
| B. II. 5.1. | Advances for tangible fixed assets | 691 | | 691 | |
| B. II. 5.2. | Long-term tangible assets in progress | 420 | | 420 | |
| B. III. | Long-term financial assets | | | | |
| B. III. 1. | Equity investments - group undertakings | | | | |
| B. III. 2. | Loans - controlled and controlling organizations | | | | |
| B. III. 3. | Equity investments - associated companies | | | | |
| B. III. 4. | Loans - associated companies | | | | |
| B. III. 5. | Other long-term securities and equity investments | | | | |
| B. III. 6. | Loans - other | | | | |
| B. III. 7. | Other long-term investments | | | | |
| B. III. 7.1. | Other long-term investments | | | | |
| B. III. 7.2. | Advances for long-term financial assets | | | | |

| Denotation a | A S S E T S b | Current accounting period | | | Previous acc. period |
|-----------------|--|---------------------------|-----------------|------------|----------------------|
| | | Brutto 1 | Correction 2 | Netto 3 | Netto 4 |
| C. | Current assets | 345,562 | - 18,577 | 326,985 | 379,185 |
| C. I. | Inventories | 140,005 | - 18,550 | 121,455 | 128,084 |
| C. I. 1. | Materials | | | | |
| C. I. 2. | Work-in-progress and semi-finished products | | | | |
| C. I. 3. | Finished goods and goods for resale | 140,005 | - 18,550 | 121,455 | 128,084 |
| C. I. 3.1. | Finished goods | | | | |
| C. I. 3.2. | Purchased goods for resale (inc. goods in transit) | 140,005 | - 18,550 | 121,455 | 128,084 |
| C. I. 4. | Young and other animals and their herds | | | | |
| C. I. 5. | Advance payments for inventories | | | | |
| C. II. | Receivables | 172,372 | - 27 | 172,345 | 219,976 |
| C. II. 1. | Long-term receivables | 10,400 | | 10,400 | 7,309 |
| C. II. 1.1. | Trade receivables | | | | |
| C. II. 1.2. | Inter-group receivables (controlled or controlling entity) | | | | |
| C. II. 1.3. | Inter-group receivables - significant influence | | | | |
| C. II. 1.4. | Deferred tax receivable | 10,346 | | 10,346 | 7,309 |
| C. II. 1.5. | Receivables - other | 54 | | 54 | |
| C. II. 1.5.1. | Receivables from partners | | | | |
| C. II. 1.5.2. | Long-term advances granted | 54 | | 54 | |
| C. II. 1.5.3. | Estimated receivables | | | | |
| C. II. 1.5.4. | Other receivables | | | | |
| C. II. 2. | Short-term receivables | 161,972 | - 27 | 161,945 | 212,667 |
| C. II. 2.1. | Trade receivables | 159,038 | - 27 | 159,011 | 205,473 |
| C. II. 2.2. | Inter-group receivables (controlled or controlling entity) | | | | |
| C. II. 2.3. | Inter-group receivables - significant influence | | | | |
| C. II. 2.4. | Receivables - other | 2,934 | | 2,934 | 7,194 |
| C. II. 2.4.1. | Receivables from partners | | | | |
| C. II. 2.4.2. | Social security and health insurance | | | | |
| C. II. 2.4.3. | Due from state - tax receivables | | | | |
| C. II. 2.4.4. | Short-term advances granted | 2,710 | | 2,710 | 7,003 |
| C. II. 2.4.5. | Estimated receivables | | | | |
| C. II. 2.4.6. | Other receivables | 224 | | 224 | 191 |
| C. III. | Short-term financial assets | | | | |
| C. III. 1. | Equity investments - group undertakings | | | | |
| C. III. 2. | Other short-term financial assets | | | | |
| C. IV. | Cash | 33,185 | | 33,185 | 31,125 |
| C. IV. 1. | Cash in hand | | | | |
| C. IV. 2. | Bank accounts | 33,185 | | 33,185 | 31,125 |
| D. I. | Accruals | 1,010 | | 1,010 | 1,935 |
| D. I. 1. | Prepaid expenses | 1,010 | | 1,010 | 1,935 |
| D. I. 2. | Complex prepaid expenses | | | | |
| D. I. 3. | Accrued income | | | | |

| Denotation a | EQUITY + LIABILITIES b | Current acc. period 5 | Previous acc. period 6 |
|-----------------|---|--------------------------|---------------------------|
| | TOTAL EQUITY + LIABILITIES | 731,110 | 811,673 |
| A. | Equity | 530,013 | 311,305 |
| A. I. | Registered capital | 10,000 | 10,000 |
| A. I. 1. | Registered capital | 10,000 | 10,000 |
| A. I. 2. | Own shares/ownership interests (-) | | |
| A. I. 3. | Changes in registered capital | | |
| A. II. | Premium and capital funds | 590,000 | 350,000 |
| A. II. 1. | Share premium | | |
| A. II. 2. | Capital funds | 590,000 | 350,000 |
| A. II. 2.1. | Other capital funds | 590,000 | 350,000 |
| A. II. 2.2. | Valuation differences from re-valuation of assets and liabilities (+/-) | | |
| A. II. 2.3. | Differences from revaluation in transformation of companies (+/-) | | |
| A. II. 2.4. | Differences from transformation of companies (+/-) | | |
| A. II. 2.5. | Differences from valuation in transformation of companies (+/-) | | |
| A. III. | Funds from earnings | | |
| A. III. 1. | Other reserve funds | | |
| A. III. 2. | Statutory and other funds | | |
| A. IV. | Retained profit or loss from prior year (+/-) | - 48,695 | |
| A. IV. 1. | Retained earnings | | |
| A. IV. 2. | Retained losses (-) | - 48,695 | |
| A. IV. 3. | Other profit or loss from previous years (+/-) | | |
| A. V. | Profit or loss of the current accounting period (+/-) | - 21,292 | - 48,695 |
| A. VI. | Approved advance profit distribution (-) | | |
| B. + C. | Liabilities | 201,097 | 500,368 |
| B. | Provisions | 2,991 | 5,803 |
| B. I. | Provision for pensions and similar liabilities | | |
| B. II. | Provision for income tax | | |
| B. III. | Provisions made according to special legal regulations | | |
| B. IV. | Other provisions | 2,991 | 5,803 |

| Denotation a | EQUITY + LIABILITIES b | Current acc. period 5 | Previous acc. period 6 |
|-----------------|---|--------------------------|---------------------------|
| C. | Liabilities | 198,106 | 494,565 |
| C. I. | Long-term liabilities | 125,825 | 219,825 |
| C. I. 1. | Issued bonds | | |
| C. I. 1.1. | Convertible debentures and bonds | | |
| C. I. 1.2. | Other debentures and bonds | | |
| C. I. 2. | Liabilities to credit institutions | | |
| C. I. 3. | Long-term advances received | | |
| C. I. 4. | Trade payables | | |
| C. I. 5. | Long-term promissory notes | | |
| C. I. 6. | Inter-group payables (controlled or controlling entity) | 125,825 | 219,825 |
| C. I. 7. | Inter-group payables - significant influence | | |
| C. I. 8. | Deferred tax payable | | |
| C. I. 9. | Liabilities - other | | |
| C. I. 9.1. | Payables to partners | | |
| C. I. 9.2. | Estimated payables | | |
| C. I. 9.3. | Other payables | | |
| C. II. | Short-term liabilities | 72,281 | 274,740 |
| C. II. 1. | Issued bonds | | |
| C. II. 1.1. | Convertible debentures and bonds | | |
| C. II. 1.2. | Other debentures and bonds | | |
| C. II. 2. | Liabilities to credit institutions | | |
| C. II. 3. | Short-term advances received | | |
| C. II. 4. | Trade payables | 14,842 | 3,743 |
| C. II. 5. | Short-term bills of exchange payable | | |
| C. II. 6. | Inter-group payables (controlled or controlling entity) | 13,246 | 2,748 |
| C. II. 7. | Inter-group payables - significant influence | | |
| C. II. 8. | Liabilities - other | 44,193 | 268,249 |
| C. II. 8.1. | Payables to partners | | |
| C. II. 8.2. | Other short-term borrowings | | |
| C. II. 8.3. | Payables to employees | 3,248 | 3,295 |
| C. II. 8.4. | Social security and health insurance payables | 2,118 | 2,014 |
| C. II. 8.5. | Due to state - taxes and subsidies | 15,033 | 9,674 |
| C. II. 8.6. | Estimated payables | 23,765 | 13,119 |
| C. II. 8.7. | Other payables | 29 | 240,147 |
| D. | Accruals | | |
| D. I. | Accrued expenses | | |
| D. II. | Deferred income | | |

PROFIT AND LOSS STATEMENT - classification by types

in full scale
as of 31.3.2018
(in entire thousands CZK)

Name and seat
of accountancy unit
Glenmark Pharmaceuticals
Distribution s.r.o.
Hvězdova 1716/2b
Praha 4
140 00

| |
|----------------|
| Identif. Code: |
| 04727339 |

| Denotation a | TEXT b | Accounting period | |
|-----------------|--|-------------------|-----------------|
| | | Current 1 | Previous 2 |
| I. | Revenue from products and services | 232,491 | 234,777 |
| II. | Sales of goods bought for resale | 237,537 | 217,213 |
| * | Total sales | 470,028 | 451,990 |
| A. | Purchased consumables and services | 355,657 | 358,023 |
| A. 1. | Cost of goods sold | 266,919 | 253,841 |
| A. 2. | Consumables | 6,664 | 9,187 |
| A. 3. | Services | 82,074 | 94,995 |
| B. | Change in inventory of own production (+/-) | | |
| C. | Own work capitalized (-) | | |
| D. | Staff costs | 77,992 | 79,927 |
| D. 1. | Wages and salaries | 57,507 | 60,886 |
| D. 2. | Social security, health insurance and other expenses | 20,485 | 19,041 |
| D. 2. 1. | Social security and health insurance expenses | 18,998 | 17,459 |
| D. 2. 2. | Other expenses | 1,487 | 1,582 |
| E. | Adjustments relating to operating activities | 31,258 | 50,412 |
| E. 1. | Adjustments to intangible and tangible fixed assets | 31,993 | 31,100 |
| E. 1. 1. | Depreciation and amortization of intangible and tangible fixed assets | 31,993 | 31,100 |
| E. 1. 2. | Impairment of intangible and tangible fixed assets | | |
| E. 2. | Adjustments to inventories | - 762 | 19,312 |
| E. 3. | Adjustments to receivables | 27 | |
| III. | Other operating revenues | 168,105 | 130,529 |
| III. 1. | Proceeds from disposals of fixed assets | 19 | 26 |
| III. 2. | Proceeds from disposals of raw materials | | |
| III. 3. | Other operating revenues | 168,086 | 130,503 |
| F. | Other operating expenses | 183,667 | 145,061 |
| F. 1. | Net book value of fixed assets sold | 5 | 30 |
| F. 2. | Net book value of raw materials sold | | |
| F. 3. | Taxes and charges | 157 | 157 |
| F. 4. | Provisions relating to operating activity and complex prepaid expenses | - 2,811 | -4,327 |
| F. 5. | Other operating expenses | 186,316 | 140,547 |
| * | Operating profit or loss (+/-) | - 10,441 | - 50,904 |

| Denotation a | TEXT b | Accounting period | |
|-----------------|--|-------------------|-----------------|
| | | Current 1 | Previous 2 |
| IV. | Revenue from long-term investments - equity investments | | |
| IV. 1. | Revenue from equity investments - group undertakings | | |
| IV. 2. | Other revenue from equity investments | | |
| G. | Cost of equity investments sold | | |
| V. | Revenue from other long-term investments | | |
| V. 1. | Revenue from other long-term investments - group undertakings | | |
| V. 2. | Other revenue from other long-term investments | | |
| H. | Expenses related to other long-term investments | | |
| VI. | Interest revenue and similar revenue | | 1 |
| VI. 1. | Interest revenue and similar revenue - group undertakings | | |
| VI. 2. | Other interest revenue and similar revenue | | 1 |
| I. | Adjustments and provisions relating to financial activity | | |
| J. | Interest expense and similar expense | 10,719 | 4,495 |
| J. 1. | Interest expense and similar expense - group undertakings | 10,498 | 4,407 |
| J. 2. | Other interest expense and similar expense | 221 | 88 |
| VII. | Other financial revenues | 3,165 | 273 |
| K. | Other financial expenses | 6,334 | 879 |
| * | Profit (loss) from financial operations | - 13,888 | - 5,100 |
| ** | Profit (loss) before tax (+/-) | - 24,329 | - 56,004 |
| L. | Income tax | - 3,037 | - 7,309 |
| L. 1. | Current tax | | |
| L. 2. | Deferred tax (+/-) | - 3,037 | - 7,309 |
| ** | Profit (loss) after tax (+/-) | - 21,292 | - 48,695 |
| M. | Transfer of profit or loss to shareholders/members (+/-) | | |
| *** | Profit (loss) for the accounting period (+/-) | - 21,292 | - 48,695 |
| * | Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. | 641,298 | 582,793 |

**STATEMENT OF
CHANGES IN EQUITY**

Year ended
31/3/2018
(in CZK thousand)

Glenmark Pharmaceuticals Distribution s.r.o.
Corporate ID 04727339

Hvězdova 1716/2b
14000 Praha

| | Share capital | Capital funds | Funds from profit, reserve fund | Accumulated profits brought forward | Accumulated losses brought forward | Profit or loss for the current period | TOTAL EQUITY |
|---------------------------------------|---------------|---------------|------------------------------------|--|---------------------------------------|--|--------------|
| Balance at 18 January 2016 | | | | | | | |
| Distribution of profit or loss | | | | | | | |
| Change in share capital | | | | | | | |
| Profit shares paid | | | | | | | |
| Profit share prepayments declared | | | | | | | |
| Payments from capital funds | | 350,000 | | | | | 350,000 |
| Profit or loss for the current period | | | | | | | |
| Balance at 31 March 2017 | 10,000 | 350,000 | | | | -48,695 | 311,305 |
| Distribution of profit or loss | | | | | | 48,695 | |
| Change in share capital | | | | | | | |
| Profit shares paid | | | | | | | |
| Profit share prepayments declared | | | | | | | |
| Payments from capital funds | | 240,000 | | | | | 240,000 |
| Profit or loss for the current period | | | | | | -21,292 | -21,292 |
| Balance at 31 March 2018 | 10,000 | 590,000 | | | -48,695 | -21,292 | 530,013 |

CASH FLOW STATEMENT

as of 31.3.2018
(in entire thousands CZK)

| |
|----------------|
| Identif. Code: |
| 04727339 |

Name and seat
of accountancy unit
Glenmark Pharmaceuticals
Distribution s.r.o.
Hvězdova 1716/2b
Praha 4
140 00

| Den. a | TEXT b | Balance in accounting period | |
|-----------|--|------------------------------|---------------|
| | | current 1 | previous 2 |
| P. | Cash and cash equivalents, beginning of period | 31,125 | |
| | Net operating cash flow | - | - |
| Z. | Accounting profit (loss) from ordinary activities | - 24,329 | - 56,004 |
| A. 1. | Non-cash transactions | 28,654 | 59,237 |
| 1. 1. | Depreciation of fixed assets | 31,993 | 31,100 |
| 2. | Change in: | - 3,547 | 23,639 |
| 2. 1. | goodwill and adjustments to acquired assets | | |
| 2. | provisions and other adjustments | - 3,547 | 23,639 |
| 3. | Profit(-) Loss(+) on sale of fixed assets | - 13 | 4 |
| 4. | Profit(-) Loss(+) on sale of securities | | |
| 5. | Revenue from dividends and profit distribution | | |
| 6. | Expense and revenue interests accounted for | 221 | 4,494 |
| 7. | Other non-cash transactions | | |
| A. * | Net operating cash flow before financial items, changes in working capital and extraordinary items | 4,325 | 3,233 |
| A. 2. | Changes in working capital | - 154,001 | - 87,388 |
| 2. 1. | Change in receivables from operating activities and deferrals | 51,533 | - 214,732 |
| 2. | Change in short-term liabilities from operating activities and accruals | - 212,925 | 274,740 |
| 3. | Change in inventories | 7,391 | - 147,396 |
| 4. | Change in short-term financial assets, other than cash and cash equivalents | | |
| A. ** | Net operating cash flow before financial balances, tax and extraordinary items | - 149,676 | - 84,155 |
| A. 3. | Interest paid excluding amounts capitalised | - 221 | - 1,635 |
| A. 4. | Interest received | | 1 |
| A. 5. | Income tax paid on ordinary income and income tax relating to prior periods | | |
| A. 6. | Dividends received | | |
| A. *** | Net operating cash flow | - 149,897 | - 85,789 |

| Den. a | TEXT b | Balance in accounting period | |
|-----------|---|------------------------------|---------------|
| | | current 1 | previous 2 |
| | Investment activity | - | - |
| B. 1. | Acquisition of fixed assets | - 4,560 | - 462,937 |
| 1. 1. | Acquisition of tangible fixed assets | - 1,159 | - 1,505 |
| 2. | Acquisition of intangible fixed assets | - 3,401 | - 51 |
| 3. | Acquisition of long-term investments | | - 461,381 |
| B. 2. | Proceeds from sales of fixed assets | 19 | 26 |
| 2. 1. | Proceeds from sales of tangible and intangible fixed assets | 19 | 26 |
| 2. | Proceeds from sale of financial investments | | |
| B. 3. | Advances and loans to related parties | | |
| B. *** | Net cash flow from investment activity | - 4,541 | - 462,911 |
| | Financial activity | - | - |
| C. 1. | Change in long-term liabilities and bank loans | - 83,502 | 219,825 |
| C. 2. | Increase and decrease in equity from cash transactions | 240,000 | 360,000 |
| 2. 1. | Subscription of shares and investments, even. Funds from earnings | 240,000 | 360,000 |
| 2. | Equity paid to shareholders | | |
| 3. | Other cash contributions from partners and shareholders | | |
| 4. | Loss settlement from partners | | |
| 5. | Payments from funds created from net profit | | |
| 6. | Dividends paid, including withholding tax paid | | |
| C. *** | Net cash flow from financial activity | 156,498 | 579,825 |
| F. | Net increase or decrease in cash balance | 2,060 | 31,125 |
| R. | Cash and cash equivalents, end of period | 33,185 | 31,125 |

1. GENERAL INFORMATION

1.1. Subject of activity

Glenmark Pharmaceuticals Distribution s.r.o. was established on January 18, 2016 by being entered in the Public Register. As of March 31, 2016, a part of the business division called CZ distribution business and CEEHQ was sold by Glenmark Pharmaceuticals s.r.o. (Registered in the Commercial Register at the Municipal Court in Prague, Czech Republic under the name C 150331, on May 6, 1992, with registered office at Prague 4, Hvězdova 1716 / 2b, 140 78) to Glenmark Pharmaceuticals Distribution s.r.o.

Glenmark Pharmaceuticals Distribution s.r.o., Company Registration No.: 04727339, is a limited liability company, registered in the Commercial Register on January 18, 2016 at the Citi Court in Prague, Section C, insert 252762. The address of the company's seat is Hvězdova 1716/2b, 140 00 Prague 4.

The main business activity of the Company is distribution of pharmaceuticals and medical equipment.

The Financial Statements of the Company has been prepared for the year ending March 31, 2018.

1.2. Ownership structure

As of March 31, 2018, the Company is owned by:

| Name of owner | Address | Ownership interest % |
|---------------------|---|----------------------|
| Glenmark Holding SA | La Chaux-de-Fonds, Chemin de la Combeta 5, Switzerland confederation | 100% |

1.3. Statutory representatives as of March 31, 2018

| | |
|---------------------|----------------------|
| Oliver Henry Bourne | Since March 21, 2016 |
| Andrzej Gondek | Since May 12, 2017 |
| Achin Gupta | Since May 12, 2017 |

Jiří Havránek ceased to be statutory representative of the Company on May 12, 2017. At the same date he was deleted from the Commercial Register.

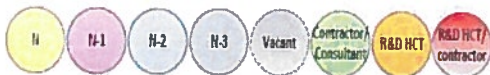
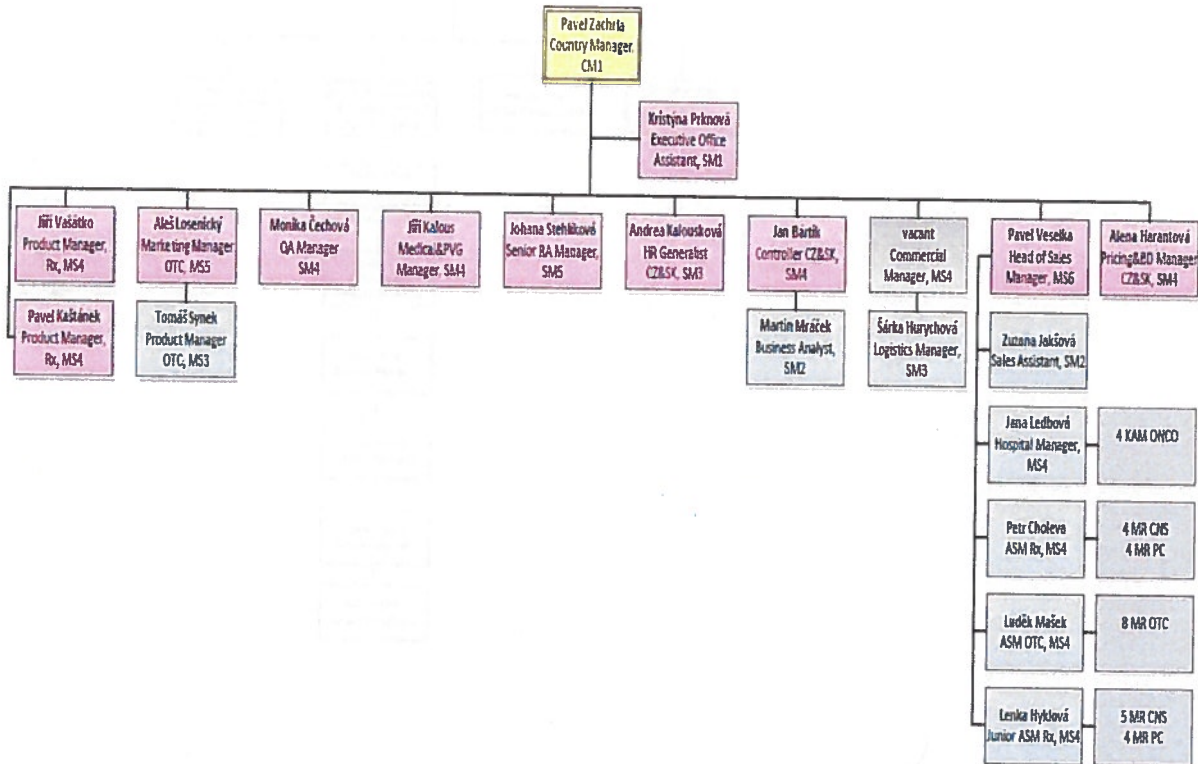
Each executive acts independently on the Company's behalf.

1.4. Organization chart of the company as of March 31, 2018

The company consists of two units:

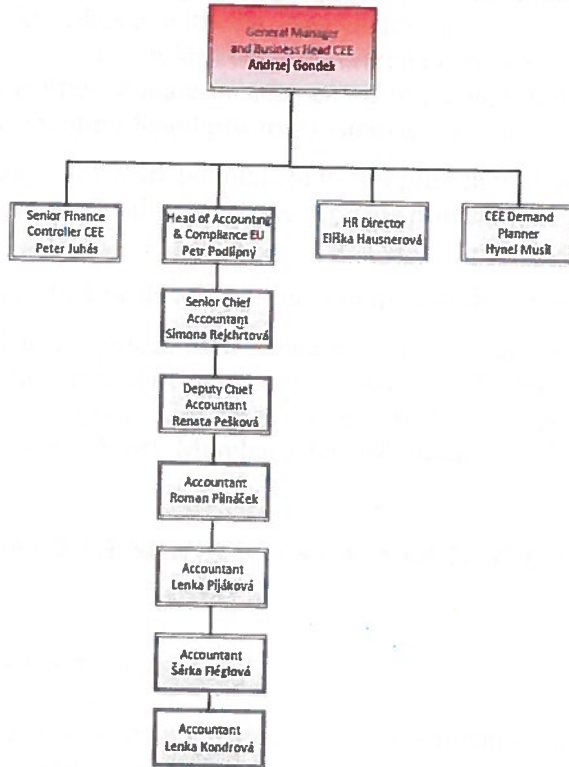
- Sales unit for the Czech Republic including supporting services for the Czech and Slovak distribution entities.
- Headquarter with supporting services for CEE entities

ORGANIZATION STRUCTURE: CZECH REPUBLIC



- Headquarter for CEE:

Organizational structure CEEHQ – GPD s.r.o.



2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ('CZK').

Glenmark Pharmaceuticals Distribution s.r.o. is part of the Glenmark group for which the consolidated financial statements are prepared by the parent company Glenmark Pharmaceuticals LTD. Registered office: Glenmark House, B.D., Sawant Marg, Chakala, Off, Western Express Highway, Andherei (East), Mumbai - 400 099, India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Tangible fixed assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 1 on an individual basis or assets from finished leasing, where the useful life is greater than one year.

Tangible fixed asset is valued at the acquisition costs which includes purchase price, transportation costs and other expenses related to acquisition. Temporary impairment of tangible fixed assets is captured by provisions for diminution in value, which are included together with depreciation the balance sheet correction column.

The cost of fixed asset improvements exceeding CZK 1 thousand for the accounting period increases the acquisition cost of the related tangible fixed asset.

Fixed assets, other than assets under construction, are depreciated over their estimated useful lives, using the straight line method, on the following basis:

| | Number of years |
|---------------------------------|-----------------|
| Inventory | 4 |
| Other long-term tangible assets | 4 |
| Goodwill | 15 |

Impairment

When the value of the fixed assets exceeds its recoverable amount, impairment is recognised.

3.2. Intangible fixed assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 1 thousand on an individual basis. **Intangible fixed asset** is valued at the acquisition costs which includes purchase price, transportation costs and other expenses related to acquisition.

Purchased intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment losses.

The cost of fixed asset improvements increases the acquisition cost of the related intangible fixed asset.

Intangible fixed assets are amortised on a straight line basis over their estimated useful lives as follows:

| | Number of years |
|----------|-----------------|
| Software | 5 |

3.3. Inventory

Merchandise is valued at acquisition costs. The acquisition costs mainly includes purchase price, customs fees, storage costs and transportation costs if the items are transported. Provision for inventory is created at 100% for all items with expiry period within 6 months from the balance sheet date after reflecting planned sales.

3.4. Foreign currency translation

Transactions denominated in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the date of the transaction.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date.

Realized profits and losses resulting from exchange rates are calculated into revenues or costs for the current year. Exchange rate losses and gains are netted off in the income statement as part of other financial expenses or other financial revenues.

3.5. Receivables

Receivables are initially recognised at their nominal value. They are subsequently reduced by appropriate provisions for doubtful and bad amounts. The provision for receivable is created based on the age structure of the receivable, including an individual evaluation of the borrower's credit worthiness.

| Receivables overdue: | Provision %: |
|----------------------|--------------|
| 361 – 720 | 5 |
| 721– 1 080 | 50 |
| 1 081 a více | 100 |

3.6. Trade payables

Trade payables are recognised at their nominal value.

3.7. Loans

Loans are recognised at their nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

3.8. Provision for liabilities and charges

Provisions are intended to cover future risks and expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

The Company recorded provision for unused holiday and merchandise returns from distributors due to expiry risk.

3.9. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

3.10. Revenue Recognition

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

3.11. Taxes

3.11.1. Depreciation of Fixed Assets for Tax Purposes

Depreciation of fixed assets is calculated using the straight-line method for the tax purposes.

3.11.2. Current tax payable

The Company has not recognised a tax payable and a tax charge based on its tax calculation due to tax losses. That is based on management's understanding of the interpretation of Czech tax legislation valid at the financial statements date and believes that the amount of tax is correct in compliance with the effective Czech tax regulations. Since there are various interpretations of tax laws and regulations by third parties, including state administrative bodies. The income tax payable reported in the Company's financial statements may change based on the ultimate opinion of the tax authorities.

3.11.3. Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Deferred taxes are based on all temporary differences between the accounting and tax value of assets and liabilities using the enacted tax rate valid for the period in which these temporary differences will be settled.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the related deferred tax is also recorded in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.12. Interest costs

Costs related to credit and loans are booked directly on the expenses accounts.

3.13. Cash equivalents

Cash equivalents represent short-term liquid assets from which a preset cash amount can be withdrawn easily and on demand.

3.14. Subsequent events

The impact of events that occurred between the balance sheet date and the date of financial statements is captured in financial statements if these events have provided additional information about circumstances that existed by the balance sheet date.

If important events occurred between the balance sheet date and the date of financial statements due to circumstances that occurred after the balance sheet date, the consequences of those events are described in the notes to financial statements, but are not captured in the financial statements.

4. ACCOMPANYING INFORMATIONS FOR BALANCE SHEET AND PROFIT AND LOSS STATEMENT**4.1. Intangible assets (thb CZK)**

| | Software | Valuable rights | Other intangibles | Total |
|---|----------|-----------------|-------------------|-------|
| Cost: | | | | |
| Balance at 31.3.2017 | 51 | | | 51 |
| Additions | 11 | 1 215 | 2 105 | 3 331 |
| Balance as at 31.3.2018 | 62 | 1 215 | 2 105 | 3 382 |
| Accumulated amortisation and impairment: | | | | |
| Balance at 31.3.2017 | 51 | | | 51 |
| Amortisation charge for the year | | 722 | | |
| Balance as at 31.3.2018 | 51 | 722 | | 773 |
| Carrying value at 31.3.2018 | 11 | 493 | 2 105 | 2 609 |

4.2. Tangible assets (ths CZK)

| | Individual movable fixed asset | Goodwill | CWIP – Assets and Down Payment Tangibles | Total |
|--|--------------------------------------|----------------|--|----------------|
| Cost: | | | | |
| Balance at 31.3.2017 | 4 331 | 459 128 | | 463 459 |
| Additions | 117 | | 1 111 | 1 228 |
| Disposals | -24 | | | -24 |
| Balance as at 31.3.2018 | 4 424 | 459 128 | 1 111 | 464 663 |
| Accumulated depreciation: | | | | |
| Balance at 31.3.2017 | 2 298 | 30 608 | | 32 906 |
| Depreciation charge for the year | 666 | 30 609 | | 31 275 |
| Disposals | -24 | | | -24 |
| Balance as at 31.3.2018 | 2 940 | 61 217 | | 64 157 |
| Carrying value at 31.3.2018 | 1 484 | 397 911 | 1 111 | 400 506 |

4.3. Inventories (ths CZK)

The company has performed physical inventory count and the identified differences were accounted as surplus and shortages.

4.4. Receivables**4.4.1. Trade receivables (ths CZK)**

The standard contracted payment term is 60 days.

| | Balance at 31.3.2018 | Balance at 31.3.2017 |
|---------------------------------|----------------------|----------------------|
| Domestic trade receivables | 48 818 | 169 758 |
| Foreign trade receivables | 110 193 | 35 715 |
| Total (net of provision) | 159 011 | 205 473 |

Aging of trade receivables

| | Balance at 31.3.2018 | Balance at 31.3.2017 |
|---|----------------------|----------------------|
| Not yet due | 126 274 | 77 022 |
| Overdue | 32 737 | 128 451 |
| <i>thereof overdue more than 365 days</i> | 225 | |
| Total (net of provision) | 159 011 | 205 473 |

4.5. Liabilities

4.5.1. Trade payables (ths CZK)

The standard contracted payment term is 14 days.

| | Balance at 31.3.2018 | Balance at 31.3.2017 |
|-------------------------|----------------------|----------------------|
| Domestic trade payables | 14 428 | 3 365 |
| Foreign trade payables | 414 | 378 |
| Total | 14 842 | 3 743 |

Aging of trade payables

| | Balance at 31.3.2018 | Balance at 31.3.2017 |
|---|----------------------|----------------------|
| Not yet due | 14 645 | 3 431 |
| Overdue | 197 | 312 |
| <i>thereof overdue more than 365 days</i> | | |
| Total | 14 842 | 3 743 |

The company has not recorded any liabilities for social and health insurance which would not be settled till following month.

4.5.2. Current group liabilities

(ths CZK)

| Name | Currency | Amount in currency | Relation | Balance at 31.3.2018 | Balance at 31.3.2017 |
|---------------------------------|----------|-----------------------|--------------|-------------------------|-------------------------|
| Glenmark Pharmaceuticals s.r.o. | | | Intercompany | | |
| - Loan interest | CZK | 13 246 | | 13 246 | 2 748 |
| Total | | 13 246 | | 13 246 | 2 748 |

The interest rate on liabilities to Glenmark Holding S.A. is 5% per annum.

4.5.3. Non current group liabilities

| Name | Currency | Amount in currency | Relation | Balance at 31.3.2018 | Balance at 31.3.2017 |
|---------------------------------|----------|-----------------------|--------------|-------------------------|-------------------------|
| Glenmark Pharmaceuticals s.r.o. | CZK | 125 825 | Intercompany | 125 825 | 219 825 |
| - Loan principal | | | | | |
| Total | | 125 825 | | 125 825 | 219 825 |

4.5.4. Liabilities due to employees

The company has recorded as at March 31, 2018 liabilities due to employees in the value of 3 248 ths CZK, particularly unpaid salaries for March 2018 and at March 31, 2017 the company has recorded liabilities due to employees in the value of 3 295 ths CZK, particularly unpaid salaries for March 2017.

4.5.5. Tax payables

The company has recorded as at March 31, 2018 the taxes payable in the value of 15 033 ths CZK, thereof due for VAT tax 14 460 ths CZK and due for personal income tax 573 ths CZK.

The company has recorded as at March 31, 2017 the taxes payable in the value of 9 674 ths CZK, thereof due for withholding tax 9 154 ths CZK and due for personal income tax 520 ths CZK.

4.5.6. Accrued liabilities

The company has recorded as at March 31, 2018 accrued liabilities in the value of 23 765 ths CZK to cover received services for the period ending March 31, 2018 which are not yet invoiced. Accrued liabilities as at March 31, 2018.

The company has recorded as at March 31, 2017 accrued liabilities in the value of 13 119 ths CZK to cover received services for the period ending March 31, 2017 which were not yet invoiced at March 31, 2017.

4.5.7. Other liabilities

Other liabilities at March 31, 2018 consider especially liabilities of supplementary pension insurance for employees in amount 29 ths CZK, at March 31, 2017 other liabilities considered especially liabilities of sale of a business in amount 240 000 ths CZK.

4.6. Provisions

The company has recorded as at March 31, 2018 provision for possible returns of sold goods in the amount of 1 157 ths CZK and provision for unused holidays in the amount of 1 834 ths CZK.

At March 31, 2017 the company had recorded provision for possible returns of sold goods in the amount of 3 902 ths CZK and a provision for unused holiday in the amount of 1 901 ths CZK.

4.7. Contingent liabilities

There are no contingent liabilities at at March 31, 2018 which would not be recorded or disclosed appropriately.

The Company does not have any potential liabilities arising from the legal disputes.

4.8. Income from operations (ths CZK)

| | 2018 | 2017 |
|---------------------------------------|----------------|----------------|
| Revenues – services | 232 491 | 234 777 |
| Revenues – merchandise | 237 537 | 217 213 |
| Proceeds from sale of tangible assets | 19 | 26 |
| Other income | 168 086 | 130 503 |
| Total | 638 133 | 582 519 |

The company has realised its revenues in the Czech Republic.

Other income includes primarily factoring income from receivables transferred to HSBC in the amount of 166 834 ths CZK in 2018 and 127 868 ths CZK in 2017.

4.9. Expenses

4.9.1. Other operating expenses

Other operating expenses includes primarily cost of receivables transferred to HSBC factoring in the amount of 166 834 ths CZK in 2018 and 127 868 ths CZK in 2017.

4.9.2. Auditor remuneration

The company has concluded the agreement for audit services with Grant Thornton Audit, s.r.o., registered by Chamber of Auditors of the Czech republic as the authorized company with license no. 085, with seat Jindrisska 937/16, 110 00 Praha 1 – Nove Město. Remuneration for the auditor amounts based on the signed agreement to 325 ths CZK.

4.9.3. Current and deferred tax

The company has recorded for the financial year 2017/2018 tax loss and therefore no postings were done for current tax.

The Company calculated and recorded deferred tax asset in the amount of 10 346 ths CZK, as at March 31, 2018; (deferred tax asset as at March 31, 2017 was 7 309 ths CZK).

| Deferred tax (in ths CZK) | 31.3.2018 | 31.3.2017 |
|-----------------------------------|---------------|--------------|
| RV Tangible and intangible assets | -19 | -78 |
| Financial assets | 6 272 | 3 718 |
| Other reserve | 4 093 | 3 669 |
| Total | 10 346 | 7 309 |

5. STAFF COSTS

Average number of company employees as at March 31, 2018 is 58, 1 statutory representative

| ths CZK | 2018 | 2017 |
|---|---------------|---------------|
| Payroll costs | 52 821 | 57 182 |
| Remuneration to members of statutory bodies | 4 686 | 3 704 |
| Social security and health insurance costs | 18 998 | 17 459 |
| Social costs | 1 487 | 1 582 |
| Total | 77 992 | 79 927 |

6. LOSS

Based on the decision of the sole shareholder of September 12, 2017 the loss of the previous financial year was approved and transferred to the accumulated losses of prior years.

The shareholder proposes to transfer the loss for the financial year ending on March 31, 2018 to the account of the outstanding losses of previous years.

7. POST BALANCE SHEET EVENTS

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.