



S.C.

**GRUPO INTEGRAL DE ASESORIA FISCAL  
Y ADMINISTRATIVA, S. C.**

**LUPIN MEXICO, S.A. DE C.V.**

**AUDITED FINANCIAL STATEMENTS**

**MARCH 31, 2019 Y 2018**

**JOSE FRANCISCO CAMPOS RUIZ**

**Certified Public Accountant**



S.C.

**GRUPO INTEGRAL DE ASESORIA FISCAL  
Y ADMINISTRATIVA, S. C.**

**Report of the Auditors Independent to the shareholders of Lupin Mexico, S.A. de C.V.**

**Opinion**

We have audited the accompanying financial statements of Lupin Mexico, SA de CV, which comprehend the statement of financial position as of March 31, 2019 and the statement of comprehensive income, changes in stockholders' equity and cash flows corresponding to the period from April 1, 2018 to March 31, 2019, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present reasonably, in all its important aspects, the financial situation of Lupin Mexico, SA de CV, as of March 31 of 2019, as well as its results and its corresponding cash flows from April 1, 2018 to March 31, 2019, according to the Mexican Financial Information Standards.

**Opinion's Basis**

Our audit was performed according to the International Auditing Standards. Our responsibilities under these standards are described with further details in the "Responsibilities of the auditors in relation to the audit of the financial statements" of our report. We are independent from the Entity according to the Professional Ethics Code of the Instituto Mexicano de Contadores Publicos, A.C., and we have fulfilled our other ethic responsibilities in conformity with these requirements. We consider that the audit evidence we obtained is enough to provide a reasonable basement for our opinion.

**Responsibilities of the management and the govern managers in relation to the financial statements.**

The management of the company responsible of the elaboration and reasonable presentation of the financial statements attached in conformity to the Mexican Financial Information Standards, as well as the inner control that it consider necessary in order to allow the elaboration of financial statements free of significant errors, whether because of fraud or error. In the elaboration of the financial statements, the management is responsible of evaluating the capacity of the company to continue as a Business in progress, revealing, as appropriate, the related issues, unless the management proposes to liquidate the Company or cease their operations, or if it doesn't have another alternative more realistic to do it.

The govern managers of the Company, are responsible of supervising the elaboration process of the financial reports of the same.

## **Responsibilities of the auditors in relation to the audit of the financial statements**

Our objectives consist of obtaining a reasonable security about whether the financial statements are free of material errors, whether because of fraud or error, and to emit an audit report that contain our opinion. Reasonable security is a high-level security, but is not guarantee that an audit is realized according to International Auditing Standards it will always detect material errors if they exist. Mistakes can surge because of fraud or error and are considered materials if, individually or together, it can be expected reasonably that they will influence the economic decisions of the users, taken on basis of the financial statements.

During the realization of an audit in conformity to the International Auditing Standards, we apply our professional judgment and we maintain an attitude of professional skepticism. Likewise, also:

We identify and evaluate the risks of material misstatement in the financial statements, whether for fraud or error, design and apply audit procedures to respond to those risks, and obtain audit evidence sufficient and adequate to support our opinion. The risk of not detecting a material error resulting from fraud is higher than one resulting from unintentional error, as fraud may involve collusion, forgery, deliberate omissions, intentionally misleading statements or circumvention of internal controls.

We obtain an understanding of the internal control relevant to the audit, in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We evaluate the ownership of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the Administration.

We evaluate whether it is appropriate for the Administration to use the presumption of business in progress to prepare the financial statements and whether, based on the audit evidence obtained, there is material uncertainty regarding events or conditions that generate significant doubt about the ability to The Company to continue as a going concern. If we conclude that there is material uncertainty, it is required that we draw attention in our audit report to the corresponding information disclosed in the financial statements or, if those disclosures are inadequate, that we express a modified opinion. Our findings are based on the audit evidence obtained so far from our audit report. However, future events may cause the Company to cease to be a going concern.

We evaluate the overall presentation, structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events, making a reasonable presentation. We communicate to the Company's officers, among other matters, the scope and timing of the audit and the significant findings of the audit, as well as any significant deficiencies in internal control that we identified in the course of our audit.

**Grupo Integral de Asesoría Fiscal y Administrativa, S.C.**

**C.P.C. José Francisco Campos Ruiz.**  
**Mexico City**  
**April 5, 2019.**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF FINANCIAL POSITION**  
Mexican pesos

	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>IN THE SHORT TERM ASSETS</b>		
BANKS	\$ 1,354,575	\$ 1,396,186
VARIOUS DEBTORS (Notes 3b y 4)	838,666	838,666
RESERVE FOR UNBEATABLE ACCOUNTS (Notes 3b y 4)	-838,666	-838,666
TAX TO RETRIEVE (Note 3c)	689,332	681,992
	<b>2,043,907</b>	<b>2,078,178</b>
<b>LONG-TERM ASSETS</b>		
INVESTMENT IN SHARES (Note 5)	2	0
FURNITURE AND EQUIPMENT (Notes 3d y 6)	1,257	1,559
	<b>2,045,166</b>	<b>2,079,737</b>
<b>PASSIVE</b>		
<b>PASSIVE IN A SHORT TIME</b>		
SUPPLIER	11,600	9,500
	<b>11,600</b>	<b>9,500</b>
<b>STOCKHOLDERS EQUITY</b>		
SHARE CAPITAL (Notes 3f y 7)	11,329,300	11,329,300
LOSSES PREVIOUS YEARS	-9,259,063	- 8,391,243
RESULT FOR THE YEAR	-36,671	- 867,820
	<b>2,033,566</b>	<b>2,070,237</b>
<b>TOTAL PASSIVE PLUS CAPITAL</b>	<b>\$ 2,045,166</b>	<b>\$ 2,079,737</b>

FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 1, 2019

**LIC. SAMUEL VALADEZ LANDGRAVE**  
**DIRECTOR OF ADMINISTRATION Y FINANZAS**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**Mexican pesos**

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	<b>2019</b>	<u><b>March 31</b></u>	<b>2018</b>
SALES	\$	0	\$ 0
OPERATING EXPENSES		36,673	867,820
OTHER INCOME		2	
<b>RESULT FOR THE YEAR</b>	<b>\$</b>	<u><b>-36,671</b></u>	<u><b>\$ - 867,820</b></u>

FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 1, 2019

**LIC. SAMUEL VALADEZ LANDGRAVE**  
**DIRECTOR OF ADMINISTRATION Y FINANZAS**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
**Mexican pesos**

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	SHARE CAPITAL	ACCUMULATED RESULTS	RESULT FOR THE YEAR	STOCKHOLDERS EQUITY
BALANCES AT MARCH 31, 2017	\$ 11,329,300	\$ -8,283,875	\$ -107,368	\$ 2,938,057
TRANSFER OF RESULT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017		-107,368	107,368	0
LOSS IN THE PERIOD 1 APRIL 2017 MARCH 31, 2018			-867,820	-867,820
<b>BALANCES AT MARCH 31, 2018</b>	<b>\$ 11,329,300</b>	<b>\$ -8,391,243</b>	<b>\$ -867,820</b>	<b>\$ 2,070,237</b>
TRANSFER OF RESULT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018		-867,820	867,820	0
LOSS IN THE PERIOD 1 APRIL 2018 MARCH 31, 2019			-36,671	-36,671
<b>BALANCES AT MARCH 31, 2019</b>	<b>\$ 11,329,300</b>	<b>\$ -9,259,063</b>	<b>\$ -36,671</b>	<b>\$ 2,033,566</b>

FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 1, 2019

**LIC. SAMUEL VALADEZ LANDGRAVE**  
**DIRECTOR OF ADMINISTRATION Y FINANZAS**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF CASH FLOWS**  
Mexican pesos

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	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
RESULT FOR THE YEAR	\$ -36,671	\$ -867,820
ITEMS THAT DID NOT REQUIRE USE OF CASH		
RESERVE FOR UNBEATABLE ACCOUNTS	0	838,666
DEPRECIATION	302	302
OTHER INCOME FROM TRANSMISSION OF SHARES	-2	0
RESULT OF OPERATION	-36,371	--28,852
<b>INCREASE (SEDECREASE)</b>		
TAX TO RETRIEVE	7,340	5,896
DEBTS TO PAY	2,100	-8,000
	-5,240	-13,896
NET CASH FLOWS OPERATING ACTIVITIES	-41,611	-42,748
DECREASE IN CASH	-41,611	-42,748
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,396,186	1,438,934
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,354,575	\$ 1,396,186

FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 1, 2019

**LIC. SAMUEL VALADEZ LANDGRAVE**  
**DIRECTOR OF ADMINISTRATION Y FINANZAS**

**LUPIN MEXICO, S.A. DE C.V.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND MARCH 31, 2018**  
**Figures expressed in Mexican pesos**

**Note 1 - Activity of the Company**

The Company was incorporated on August 17, 2010, its main activity marketing in general, manufacture, sale, distribution, export, import and purchase of all kinds of chemicals, pharmaceutical chemistry, analytical chemical reagents, reagents for clinical diagnosis, bacteriological reagents, insecticides, cosmetics and the like, as well as the purchase of equipment for clinical and laboratory use.

**Note 2 - Basis of preparation**

Mexican Financial Reporting Standards (NIF)

The accompanying financial statements as of March 31, 2019 and 2018 fully comply with Mexican Financial Reporting Standards (MFRS), to show a reasonable presentation of the Company's financial position. The NIF establishes that International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of International Financial Reporting Standards (INIIF) and the interpretations committee are all part of the NIF, when the absence Of NIF so requires. Accordingly, in order to recognize, value and disclose its own transactions, the Company applies IAS-18 "Income from ordinary activities", effective as of January 1, 1995, issued by the International Accounting Standard Board (IASB).

Reporting, functional and reporting currency

Pursuant to the provisions of NIF B-15, the Company has identified the following currencies:

<u>Type</u>	<u>Currency</u>
Registration	Mexican Peso
Functional	Mexican Peso
Report	Mexican Peso

Effects of inflation on financial information

Under the provisions of MFRS B-10 "Effects of inflation", from January 1, 2008, the Mexican economy is in a non-inflationary environment, when cumulative inflation of the last three years below 26 % (maximum limit to define that an economy should be considered as inflationary), therefore, from that date recognizing the effects of inflation on financial information was suspended. Consequently, the figures as of March 31, 2019 and 2018 of the accompanying financial statements are presented in historical pesos.

Approval of financial statements:

The accompanying financial statements and notes were authorized for issuance on April 1, 2019, by Lic. Samuel Valadez Landgrave, Director of Administration and Finance of the Company.

### **Note 3 - Summary of significant accounting policies**

The following significant accounting policies are summarized more, which have been applied consistently in the years presented, unless otherwise specified.

IFRS require the use of certain accounting estimates in the preparation of financial statements. It is also requires management to exercise its judgment to define the accounting policies applied by the Company.

#### **a. Cash and cash equivalents**

Cash and cash equivalents include bank deposits with low risk for changes in value.

#### **b. Accounts receivable**

Accounts receivable represent amounts due from third parties for services not received. (See Note 4).

#### **c. Taxes in favor**

This account represents the amount in favor of the Company for federal and / or local contributions, such amounts are recognized from the date of the statements. As of March 31, 2019 and 2018 the balance of this account relates to Value Added Tax Recoverable.

#### **d. Furniture and equipment**

The acquisition cost decreased furniture and equipment residual value is depreciated systematically using the straight-line method based on the useful lives of the components of furniture and equipment. (See Note 6).

#### **e. Debts to pay**

This item includes liabilities for purchases of goods or services purchased in the normal course of operations of the Company. When it is expected to pay them over a period of one year or less from the date of closing, they are presented in short-term liabilities. Failure to meet the above are presented in long-term liabilities.

#### **f. stockholders' equity**

This item for capital and retained earnings is integrated, which are stated at their historical value. (See Note 7).

#### **g. Integral result**

The comprehensive income is comprised of net income and items required by specific provisions of the NIF are required, which is reflected in stockholders' equity and does not constitute contributions, reductions or distributions. The amounts of comprehensive income at March 31, 2019 and 2018 are expressed in modified historical pesos.

#### h. Presentation of costs, expenses and other items in the statement of comprehensive income

The Company presents costs and expenses in the statement of comprehensive income under the classification criterion based on the function headings, which has as its central feature separate cost of sales of other costs and expenses. In addition, for a better analysis of your financial situation, the company has considered necessary to the amount of operating income separately in the statement of comprehensive income, because such information is a common practice in the industry to which the Company belongs.

#### i. Revenue recognition

During the period from April 1, 2018 to March 31, 2019 the company did not obtain own income from its operation.

#### j. Income taxes

In accordance with the provisions of the Financial Reporting Standards, NIF D-4, the Company has the obligation to recognize in its records the Deferred Income Tax on the tax losses pending amortization; likewise, IAS 12 (International Accounting Standard) establishes: "An asset for deferred taxes should be recognized, provided that they can be offset, with fiscal gains of subsequent periods, losses or tax credits not used so far, but only to the extent in which the availability of future tax profits is likely, against which to charge those losses or unused tax credits.

As mentioned in the previous paragraph, and because the Company has not obtained its own income in recent years, there is the uncertainty of obtaining future tax profits that are the basis of such tax, for this reason Deferred Income Tax is not recognized.

#### **Note 4 - Accounts receivable**

As of March 31, 2019, and 2018, this item represents the balance receivable from Avant Sante Research Center, S.A. de C.V. for services of clinical analysis paid during the year 2014, which were not provided. On January 27, 2016 credit note is generated for Lupin Mexico, S.A. de C.V. for this concept.

In March 2018, the Company created a reserve for uncollectible accounts due to the age of said balance.

#### **Note 5 - Investment in Shares**

The Company owns 2 (two) shares of the capital stock of Laboratorios Grin, S.A. of C.V. with a nominal value of \$ 1.00 (One peso 00/100 M.N.) each; this shareholding is minimal, since the total capital of the subsidiary company amounts to \$ 187,000,000.00 (one hundred and eighty seven million pesos 00/100 M.N.); for this reason there is no update of the value of these shares.

## Note 6 - Furniture and equipment

	<u>March 31</u>	
	<u>2019</u>	<u>2018</u>
Acquisition Cost	\$3,017	\$3,017
Accumulated depreciation	1,760	1,458
Total Neto	<u>\$1,257</u>	<u>\$1,559</u>

Depreciation recorded in the income statement is recognized in operating expenses.

## Note 7 - Stockholders' equity

As mentioned in Note 1, the Company was incorporated on August 17, 2010, and its capital of constitution the amount of \$ 50,000.00 (Fifty thousand pesos / 100 pesos).

As 31of March 2019 and March 2018 share capital is as follows:

Number of Actions	Description	Amount
500	Common shares of Series "A" representing the fixed capital	\$ 50,000
22226	Common shares of Series "B I" representing variable capital	2,222,600
25231	Common shares of Series "B 2" representing variable capital	2,523,100
65336	Common shares of Series "B 3" representing variable capital	<u>6,533,600</u>
		<b>\$ <u>11,329,300</u></b>

The profit for the year is subject to the legal provision that requires that at least 5% of the amount of each year be allocated to increase the legal reserve until it is equal to one fifth of the amount of paid capital stock

In case of a capital reduction, the procedures established by the Law of Income Tax (Income Tax Law) have to be given to any excess of stockholders' equity over the capital contributions the same tax treatment as applicable to dividends

## Note 8 - Fiscal Information

The company shows the following fiscal information in the annual return corresponding to the fiscal year ended December 31, 2018 presented on February 20, 2019.

Fiscal loss for the year	\$	176,465
Cumulative fiscal losses pending amortization	\$	10,322,224
Net Tax Profit Account	\$	583,203
Contribution Capital Account	\$	14,127,971
Utility Coefficient to be applied in subsequent years		0.7194

**Lic. Samuel Valadez Landgrave**  
**Director of Administration and Finance**

**These notes are an integral part of the financial statements of Lupin Mexico, S. A. de CV as of March 31, 2019 and March 31, 2018.**