

INDEPENDENT AUDITOR'S REPORT

To the Participants of Lupin Pharma Limited Liability Company

Opinion

We have audited the accompanying interim financial statements of Lupin Pharma Limited Liability Company (Primary state registration number 1167746155686, address: Nauchny proezd, 17, premises XXXIV, room 1-14, Moscow, 117246 Russian Federation), which are comprised of the balance sheet as of March 31, 2018 and the financial results statement for the first quarter 2018.

In our opinion, excluding the impact of the issues outlined in the Basis for Qualified Opinion section hereof, the accompanying interim financial statements present fairly, in all material respects, the financial position of Lupin Pharma Limited Liability Company (hereinafter the "Company") as of March 31, 2018, and its financial performance for the first quarter 2018 in accordance with the established Russian rules for financial statements.

Basis for Qualified Opinion

The Company's inventories are recorded in the balance sheet in the amount of 9,724 thousand rubles. The current market value of the inventories were not assessed by the end of 2017, which is a departure from the established Russian rules for financial statements. The Company's participants have adopted a decision on voluntary liquidation of the Company from 01.04.2018. According to the accounting data for the first quarter 2018, the Company sold goods at the prices that are significantly less than their cost, giving customers bonuses for the performance of agreement terms. The Company should have created a provision for impairment of inventories in view of the forthcoming liquidation for the difference between the current market value and the actual cost of goods. The amount of this provision cannot be accurately determined by the auditor.

The Company's sales are recorded in the financial results statement in the amount of 27,193 thousand rubles. In the first quarter 2018, the Company paid its customers the bonuses for the performance of agreement terms amounting to 10,808 thousand rubles. Those bonuses are recorded in the financial results statement as other expenses. According to the established Russian rules for financial statements, sales are recognized in the amount net of discounts and bonuses to customers provided for by an agreement. Thus,

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the sales and other expenses in the financial results statement are to be decreased by 10,808 thousand rubles.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Interim Financial Statements section of our report. We are independent of the audited entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management of the Audited Entity and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation and fair presentation of the specified interim financial statements in accordance with the Russian financial reporting rules, and for such internal control as management believes necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim financial statements, management is responsible for assessing the audited entity's ability to continue as a going concern, disclosing, when applicable, matters related to going concern and using the going concern principle unless management either intends to liquidate the audited entity or to cease activities, or have no realistic alternative but to do so.

Those charged with governance are responsible for supervising the preparation of the interim financial statements.

Auditor's Responsibilities for the Audit of the Interim Financial Statements

Our objective is to obtain reasonable assurance about whether the interim financial statements 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 material misstatements when they exist. Misstatements can result from fraud or error and are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

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

a) identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, develop and perform audit

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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;

b) obtain understanding of internal control relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the audited entity's internal control;

c) evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists due to events or conditions that may cast significant doubt on the audited entity'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 interim 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 audited entity to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the interim financial statements, including the disclosure of information and whether the interim financial statements represent the underlying transactions and events so that their fair presentation is assured.

We communicate with those charged with governance, bringing to the notice, among other issues, information about the planned scope and timing of the audit as well as significant audit findings, including significant weaknesses of internal control that we identify during our audit.

Head of the audit engagement according to which
the auditor's report was prepared

Zelenina E.A.

Audit organization:

Audit organization Nordic Advisors Limited Liability Company

Primary state registration number 1097847305654

Shpalernaya st., 54 litera V, Saint Petersburg, 191015

A member of self-regulatory organization of auditors Commonwealth Association

Number of membership registration in the register 11606064625.

May 11, 2018

TRANSLATION

Balance Sheet 1st Quarter 2018

English	Code	31.03.18	31.12.17	31.12.16
ASSETS				
Fixed Assets				
Intangible Assets	1110			
	1120			0
	1130			0
	1140			0
Fixed Assets	1150	36	44	75
	1160			0
	1170			0
Deferred Tax Assets	1180		4 972	1 922
Other Fixed Assets	1190			0
Total part I	1100	36	5 016	1 997
Current Assets				
Inventories	1210	9 724	32 152	
VAT on acquired assets	1220	1 718	2 908	271
Accounts receivable	1230	1 159	15 723	450
Short term Financial Investments	1240			0
Monetary resources	1250	22 393	8 195	22 429
Other Current Assets	1260	358	508	567
Total part II	1200	35 351	59 486	23 717
Balance	1600	35 387	64 502	25 714

LIABILITIES				
Equity & Reserves				
Charter Capital	1310	100	100	100
	1320			0
	1340			0
Additional Capital	1350	33 106	33 106	33 106
Reserve Capital	1360			0
Undistributed Earnings	1370	-46 472	-20 046	-7 629
Total part III	1300	-13 266	13 159	25 577
Long Term Liabilities				
Loans & Credits	1410			0
Deferred Tax Liabilities	1420	7	9	15
Reserves	1430			0
Other Long Term Liabilities	1450			0
Total Part IV	1400	7	9	15
Short Term Liabilities				
Loans & Credits	1510			0
Accounts Payable	1520	48 511	50 839	44
Revenues to be recognized in future periods	1530			0
Provisions	1540	135	495	77
Other short term liabilities	1550			0
Total part V	1500	48 646	51 334	122
Balance	1700	35 387	64 502	25 714

English	Code	01.01.2018- 31.03.2018	01.01.2017- 31.03.2017
Sales	2110	27 193	230
Cost of Sales	2120	-28 151	-226
Gross Margin	2100	-958	4
Commercial Expenses	2210	-12	-64
Overhead expenses	2220	-6 959	-4 487
Net Margin	2200	-7 929	-4 547
Income from investments	2310		
Interest income	2320		
Interest expenses	2330		
Other income	2340	188	9 490
Other expenses	2350	-13 714	-9 622
Profit before tax	2300	-21 455	-4 679
Profit tax	2410		
Including permanent tax liabilities/assets	2421	-474	
Changes in deferred tax liabilities	2430		
Changes in deferred tax assets	2450	3 815	934
Other	2460	8 787	-3
Net Profit	2400	-26 425	-3 746