

INDEPENDENT AUDITOR'S REPORT

Top management of Lupin Ukraine LLC

Opinion

We have audited the financial statements of Lupin Ukraine LLC (the Company), which comprise the Balance Sheet (Statement of Financial Position) as at March 31, 2018 and Statement of Financial Results (Statement of Comprehensive Income) for the year then ended.

In our opinion, the accompanying financial statements of the Company are present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance for the year then ended on liquidation basis and observing the requirements of Ukrainian Accounting Standards (UAS).

Basis for Opinion

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 Financial Statements section of our report. We are independent from the Company in accordance with the ethical requirements relating to audit of financial statements in Ukraine, 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.

Liquidation of the Company

We draw attention to Note 1.1. in the financial statements, which indicated that presentation of assets and liabilities in the financial statements were prepared considering owner's decision to liquidate of the Company's activities. Our opinion was not modified on this issue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Ukrainian Accounting Standards (UAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present 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.

Deputy CEO for Audit
Crowe Horwath AC Ukraine, LLC
(Auditor's Certificate A
dated 30.01.2002 № 006812)



Samusieva Olga Petrivna
Samusieva Olga Petrivna

37 Spaska Street, Kyiv

April 19, 2018

Codes
DATE (Year, month, day) 2018|04|01

Enterprise	Lupin Ukraine LLC	USREOU	40655098
Territory	Darnytsky District, Kyiv	COATSU	8036300000
Type of ownership	Limited liability company	CTO	240
State public authorities		ISSAB	
Type of economic activity	Manufacturing medicine and pharmacological materials	CEA	46.46
Average number of employees ¹	1		
Unit of measurement:	thousand UAH with one decimal place		
Address:			

BALANCE SHEET
as of 31.03.2018

Form No. 1-m		SCAD	1801006
Assets	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	4	5
1. Non-current assets			
Capital investments in-progress	1005	-	-
Fixed assets:	1010	15,5	-
historical cost	1011	18,8	-
depreciation	1012	-3,3	-
Long-term biological assets	1020	-	-
Long-term financial investments	1030	-	-
Other non-current assets	1090	-	-
Total under the section I	1095	15,5	0,0
II. Current assets			
Stocks	1100	1 018,5	-
Including finished goods	1103	1 018,5	-
Current biological assets	1110	-	-
Receivables for the products, goods, work, services	1125	238,5	-
Settlements with budget	1135	4,1	8,2
Including income tax	1136	-	-
Other current receivables	1155	1 205,2	9,8
Current financial investment	1160	-	-
Cash assets and their equivalents:	1165	1 403,8	80,4
Expenditures of the future periods	1170	0,9	-
Other current assets	1190	167,6	-
Total under the section II	1195	4 038,6	98,4
III. Non-current assets held for sale and groups III. Non-current assets held for sale and groups of disposal			
	1300	-	-
Balance	1300	4 054,1	98,4

Liabilities	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Equity capital			
Registered (share) capital	1400	100,0	100,0
Additional capital	1410		
Reserve capital	1415		
Non-distributed income (non-covered loss)	1420	-826,3	-55,7
Non-paid capital	1425	-726,3	44,3
Total under the section I	1495		
II. Long-term liabilities, target financing and security	1595	24,2	
III. Current liabilities			
Short-term bank loans:	1600		
Long-term liabilities	1610		
Goods, work, services	1615	1,0	
Settlements with budget	1620	39,0	4,1
including under income tax	1621		
Insurance	1625	1,5	
Labor payment	1630	41,2	
Income of future periods	1665		
Other current liabilities	1690	4 673,5	50,0
Total under the section III	1695	4 756,2	54,1
IV. Liabilities related to non-current assets held for sale and groups of disposal	1700	-	-
Balance	1900	4 054,1	98,4

STATEMENT ON FINANCIAL RESULTS
from 01.04.2017 to 31.03.2018

Form No. 2-m SCAD code | 1801007

Item	Line code	For the reporting period	For the same period of the previous year
1	2	3	4
Net income from sale of products (goods, works, services)	2000	65,3	752,1
Other operation income	2120	3 862,50	46,2
Other income	2240	-	-
Total income (2000 + 2120 + 2240)	2280	3927,8	798,3
Net cost of sold products (goods, work, services)	2050	-1 416,2	-284,2
Other operation expenses	2180	-1 555,9	-1340,5
Other expenses	2270	-136,6	-
Total expenses (2050 + 2180 + 2270)	2285	-3 108,7	-1624,7
Financial result before taxation (2280 - 2285)	2290	819,1	-826,4
Income tax	2300	-48,50	-
Net profit (loss)	2350	770,6	-826,4

Ліквідатор



Р.В. Віняр

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for financial statements preparation

The Company financial statements were prepared in accordance with data of accounting based on the termination of activities principle, according to owner's decision, under the Ukrainian Accounting Standards (UAS).

These financial statements were prepared based on the following fundamental principles:

- prudence - application of measurement methods in financial accounting, which are to prevent understatement of the company's liabilities and expenses measurement and overstatement of its assets and income;

- completeness - the financial statements have to contain all information on the actual and potential consequences of economic transactions and events which can affect decisions taken on their basis;

- consistency - constant (year after year) application by the company of the chosen accounting policy. The accounting policy may be changed only in cases envisaged by the Ukrainian Accounting Standards, and such changes shall be justified and disclosed in the financial statements;

- matching principle - to determine the reporting period financial result, it is necessary to compare the reporting period income and expenses incurred to receive such income. In this case, income and expenses shall be recorded in financial accounting and financial statements when such income and expenses arise, irrespective of the date of cash receipt or payment;

The financial statements are presented in UAH, and all amounts are rounded to thousands with one decimal place.

1.2 Revenue recognition

Revenue is recognized if receipt of economic benefits by the Company is estimated as probable and if revenue can be reliably measured, irrespective of the time when payment was made. Revenue is measured at fair value of remuneration received or to be received, with account of payment conditions stipulated in a contract, less taxes and duties.

Goods sales

Revenue from goods sales is normally recognized upon goods delivery, when the material risks and benefits from goods ownership pass to the buyer.

Services rendering

Revenue from services provision is recognized based on the degree of services completion. If the financial result from a contract cannot be reliably measured, revenue shall be recognized only within the amount of reimbursable expenses incurred.

1.3 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured according to the amount to be reimbursed by the tax authorities or payable to the tax authorities. The tax rates and tax legislation applied for calculation of this amount comprise the rates and legislation adopted or actually adopted in Ukraine as at the reporting date.

1.4 Fixed assets

Fixed assets are measured at their historical cost, less the depreciation accrued and impairment losses.

The fixed assets historical cost comprises the amount paid to the supplier, increased by the amount of expenses directly related to fixed assets acquisition.

Depreciation is calculated on straight-line basis within the estimated useful life of assets, as follows:

- Production machines and equipment - 5 years;

- Production appliances, inventory - 4 years;

- Vehicles - 5 years;

Other fixed assets - 1-4 years.

The useful life and depreciation methods of assets shall be analyzed at the end of each reporting period and adjusted if necessary.

1.5 Lease

Determination of whether a contract is a lease or contains features of rent, is based on the nature of a transaction. In this case, it is necessary to establish whether as at the date of contract commencement, whether its fulfillment depends on the use of particular asset(s) and whether the right to use such asset(s) passes to another entity as the result of such a contract.

The Group as lessee

Operational lease payments shall be evenly recognized as operational costs in the Statement of Financial Results within the whole lease period.

The Group as lessor

Lease contracts, under which virtually all risks and benefits from asset ownership remain with the Group, shall be classified as operational lease. Primary direct expenses incurred when entering an operational lease contract, shall be included into the book value of the asset provided into lease and recognized within the lease period on the same basis as the lease income. Lease payments shall be recognized within revenue on monthly basis according to the accrual principle.

1.6 Intangible assets

Intangible assets acquired separately shall be measured at historical cost during their primary recognition. After primary recognition, intangible assets shall be accounted at their historical cost less accumulated amortization and accumulated impairment losses (if available). Intangible assets with limited useful life shall be amortized within this period and measured for impairment, if features of impairment of such an intangible asset are in place. The amortization accrual period and method for an intangible asset with limited useful life shall be revised, at least, at the end of each reporting period.

Expenses for amortization of intangible assets with limited useful life shall be recognized in the Statement of Financial Results in the expenses category corresponding to the intangible assets function. Income or expenses from termination of intangible asset recognition shall be measured as the difference between net revenue from asset disposal and asset book value, and recognized in the Statement of Financial Results as at termination of recognition of such an asset.

2. Financial instruments - primary recognition and further measurement

2.1. Receivables

Receivables are recognized as an asset if there exists probability of the company gaining future economic benefits and if their amount can be reliably measured.

Current receivables for products, goods, works, and services shall be recognized as an asset simultaneously with recognition of income from products, goods, works, and services sales, and shall be measured at historical cost. In case of deferred payment for products, goods, works, and services, with difference created between the receivables fair value and the nominal amount of cash and/or cash equivalents to be received for products, goods, works, or services, such a difference shall be recognized as receivables on income (interest) accrued within the period of its accrual.

Current receivables constituting a financial asset (except for purchased receivables and those for sale) shall be included into the balance sheet total at their net realizable value. To determine the net realizable value as at the balance sheet date, the amount of the doubtful debts provision shall be calculated.

2.2. Financial assets impairment

The Group assesses the availability of objective features of financial asset impairment as at each reporting date. A financial asset shall be treated as impaired only when there exists objective

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FOR THE YEAR ENDED March 31, 2018
(in thousand UAH)

evidence of impairment due to one or more events occurring after asset primary recognition, which made an reliably measurable impact onto the expected cash flows on the financial asset or a group of financial assets.

Impairment evidence may include indications of debtor or debtors experiencing material financial difficulties, being unable to service their debt or not accurately paying their debt interest or principal, as well as the probability of debtors starting bankruptcy proceedings or going into other financial reorganization.

3. Inventories

Inventories shall be measured at the lowest of the two: purchase price and net realizable value.

The net realizable value shall be determined as the foreseeable sales price in the course of normal activity, less settlement costs for production completion and sales.

4. Cash and short-term deposits

Cash and short-term deposits in the Statement of Financial Position include cash at banks and ready cash, and short-term deposits with primary repayment period of 3 months or less.

2. INFORMATION BY SEGMENTS

Income (revenue) from sale of products (goods, works, services)

	31.03.2018	31.03.2017
Income from sale of goods (works, services)	65,3	752,1
Total income	65,3	752,1

Cost of sales of products (works, services)

	31.03.2018	31.03.2017
Cost of sold products (goods, works, services)	1 416,2	284,2
Total	1 416,2	284,2

3. OTHER OPERATING INCOME

	31.03.2018	31.03.2017
Foreign currency sales income	-	41,8
Operational exchange difference	147,5	4,4
Liquidation of credit indebtedness	3 715,0	-
Total other operating income	3 862,5	46,2

4. OTHER OPERATING EXPENSES

	31.03.2018	31.03.2017
Loss from operational exchange difference	146,1	65,9
Salaries expenses	406,0	340,4
Expenses for social insurance	73,8	61,7
Amount of taxes and duties accrued	133,1	-
Expenses for penalties and conditions	54,1	-
Liquidation of unused tax credit (VAT)	194,8	-
Services of third-party organizations	527,7	829,7
Property, plant and equipment depreciation	4,6	4,2
Bank commission	13,3	24,3
Other operational expenses	2,4	14,3
Total other operating expenses	1 555,9	1340,5

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In certain conditions Ukrainian companies have to make income tax advance payments.

5. OTHER EXPENSES

	31.03.2018	31.03.2017
Financial leasing interest rate	119,9	-
Liquidation of intangible assets	10,9	-
Errors of the previous period correction	5,8	-
Total other expenses	136,6	-

6. PROPERTY, PLANT AND EQUIPMENT

CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Buildings and structures	Machines and equipment	Tools, appliances, inventory	Vehicles	Other property, plant and equipment	Total property, plant and equipment
Historical cost as at 31.03.2017	-	-	3,6	-	-	3,6
Depreciation as at 31.03.2017	-	-	1,8	-	-	1,8
Current depreciation	-	-	1,8	-	-	1,8
Received	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Other increase/reduction	-	-	-	-	-	-
Depreciation as at 31.03.2018	-	-	-	-	-	-
Depreciated cost as at 31.03.2018	-	-	-	-	-	-

7. INTANGIBLE ASSETS

CHANGES IN INTANGIBLE ASSETS	Trademarks	Software	Other Intangible values	Total
Historical cost as at 31.03.2017	-	15,2	-	15,2
Depreciation as at 31.03.2017	-	1,5	-	1,5
Current amortization	-	2,8	-	2,8
Purchase	-	-	-	-
Sales	-	-	-	-
Liquidation	-	10,9	-	10,9
Other reductions	-	-	-	-
Amortization as at 31.03.2018	-	-	-	-
Amortized cost as at 31.03.2018	-	-	-	-

8. INVENTORIES

	31.03.2018	31.03.2017
Materials	-	-
Goods	-	1 018,5
Total inventories	-	1 018,5

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9. CURRENT TRADE RECEIVABLES

SHORT-TERM SUPPLY AND OTHER RECEIVABLES	31.03.2018	31.03.2017
Receivables for goods, works, and services		238,5
Receivables on settlements with the budget	8,2	4,1
Other current receivables (lease advance payment)	9,8	1 205,2
Short-term supply and other receivables, total gross,	18,0	1 447,8

10. CASH AND SHORT-TERM DEPOSITS

	31.03.2018	31.03.2017
Cash and cash in bank	80,4	1 403,8
Total	80,4	1 403,8

11. TRADE AND OTHER PAYABLES

SHORT-TERM SUPPLY AND OTHER PAYABLES	31.03.2018	31.03.2017
On supply of goods received from non-residents	-	-
Payables for goods, works, and services	-	1,0
Payables on settlements with the budget	4,1	38,9
Payables on salaries	-	41,2
On social insurance funds	-	1,5
Other current liabilities	50,0	4 673,5
Total short-term liabilities	54,1	4 756,2

Other current liabilities:

	31.03.2018	31.03.2017
Unused vacations allowance	-	24,2
Total	-	24,2

Ліквідатор



Р.В. Віняр