

**Registration Number C 57355**

**ALEMBIC PHARMACEUTICALS  
EUROPE LTD.**

**Report and Financial Statements**

**for the year ended 31 March 2015**

# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Contents**

	<b>Page</b>
Directors' Report	<b>1 - 2</b>
Independent Auditors' Report	<b>3 - 4</b>
Statement of Profit or Loss and Other Comprehensive Income	<b>5</b>
Statement of Financial Position	<b>6</b>
Statement of Changes in Equity	<b>7</b>
Statement of Cash Flows	<b>8</b>
Notes to the Financial Statements	<b>9 - 15</b>

# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Directors' Report**

for the year ended 31 March 2015

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### **Directors**

Mr Raymond Attard (appointed on 1 February 2014)  
Mr Pranav Chirayu Amin  
Mr Rajkumar Baheti (resigned on 1 June 2014)  
Mr Chirayu Ramanbhai Amin (resigned on 1 January 2014)

### **Registered address**

Palazzo Pietro Stiges  
103, Strait Street  
Valletta VLT 1436  
Malta

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The directors present their report and the audited financial statements for the year ended 31 March 2015.

### **Principal activities**

The company is engaged in the pharmaceuticals industry.

### **Business review**

The loss for the year amounted to € 604,295 (2014 : Profit of € 235,683). During the year under review, the company did not have substantial trade as it was in the process of obtaining various regulatory filings. However the directors expect the company to start trading substantially in the foreseeable future.

### **Dividends and reserves**

The directors do not recommend the payment of an ordinary dividend and propose to transfer the loss for the year to reserves.

### **Events after the reporting period**

There were no particular important events affecting the company which occurred since the end of the reporting period.

### **Directors**

In accordance with the company's Articles of Association, the present directors remain in office.

# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Directors' Report**

for the year ended 31 March 2015

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### **Directors' responsibilities**

The Maltese Companies Act, 1995 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year, in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors, Nexia BT, have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

This report was approved and authorised for issue by the Board of Directors on 24 April 2015, and signed on its behalf by:

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**Mr Raymond Attard**  
**Director**

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**Mr Pranav Chirayu Amin**  
**Director**

# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Independent Auditors' Report**

To the Members of Alembic Pharmaceuticals Europe Ltd.

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We have audited the accompanying financial statements of Alembic Pharmaceuticals Europe Ltd., which comprise the Statement of Financial Position as at 31 March 2015, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# **ALEMBIC PHARMACEUTICALS EUROPE LTD.**

## **Independent Auditors' Report**

To the Members of Alembic Pharmaceuticals Europe Ltd.

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### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Alembic Pharmaceuticals Europe Ltd. as of 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act, 1995.

### **Emphasis of Matter**

As shown in the accompanying financial statements, the company incurred significant net losses during the year ended 31 March 2015, and as at that date the company's liabilities exceeded its assets by € 594,295. As disclosed in Note 4, the future of the company is dependent on the continued support of its shareholders, who pledged their commitment to continue to provide financial support to the company so as to ensure that the company continues as a going concern. The financial statements do not include any adjustments that might result from the outcome of this fundamental uncertainty. Our opinion is not qualified in this respect.

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**Mr Manuel Castagna**

for and on behalf of

**Nexia BT**

**Certified Public Accountants**

**The Penthouse, Suite 2**

**Capital Business Centre, Entrance C**

**Triq taz-Zwejt**

**San Gwann SGN 3000**

**Malta**

**Date : 24 April 2015**

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2015

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	Notes	2015 €	2014 €
<b>Revenue</b>	<b>2</b>	70,500	535,500
Regulatory filing fees and legal expenses		(663,638)	(172,910)
<b>(Loss)/profit before taxation</b>	<b>5</b>	(593,138)	362,590
Income tax	<b>6</b>	(11,157)	(126,907)
<b>(Loss)/profit for the year</b>		<u>(604,295)</u>	<u>235,683</u>
<b>Total comprehensive (expense)/income</b>		<u>(604,295)</u>	<u>235,683</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Financial Position

at 31 March 2015

	Notes	2015 €	2014 €
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	7	6,281	122,893
Cash at bank and in hand	8	18,537	172,799
<b>Total assets</b>		<u>24,818</u>	<u>295,692</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up issued share capital	9	10,000	10,000
Accumulated losses		(604,295)	-
<b>Deficiency</b>		<u>(594,295)</u>	<u>10,000</u>
<b>Non-current liabilities</b>			
Long-term borrowings	10	349,000	-
		<u>349,000</u>	<u>-</u>
<b>Current liabilities</b>			
Trade and other payables	11	227,949	225,013
Current tax payable	12	42,164	60,679
		<u>270,113</u>	<u>285,692</u>
<b>Total liabilities</b>		<u>619,113</u>	<u>285,692</u>
<b>Total equity and liabilities</b>		<u>24,818</u>	<u>295,692</u>

The financial statements were approved and authorised for issue by the Board of Directors on 24 April 2015, and signed on its behalf by:

\_\_\_\_\_  
**Mr Raymond Attard**  
Director

\_\_\_\_\_  
**Mr Pranav Chirayu Amin**  
Director

The notes on pages 9 to 15 form an integral part of these financial statements.



# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Changes in Equity

for the year ended 31 March 2015

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	<b>Called-up issued share capital €</b>	<b>Accumulated losses €</b>	<b>Total €</b>
<b>At 1 April 2013</b>	10,000	(13,875)	(3,875)
Profit for the year	-	235,683	235,683
Other comprehensive income	-	-	-
Total comprehensive income	-	235,683	235,683
Dividends	-	(221,808)	(221,808)
<b>At 31 March 2014</b>	10,000	-	10,000
Loss for the year	-	(604,295)	(604,295)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(604,295)	(604,295)
<b>At 31 March 2015</b>	10,000	(604,295)	(594,295)

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Statement of Cash Flows

for the year ended 31 March 2015

	2015	2014
	€	€
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(593,138)	362,590
Working capital changes:		
Movement in trade and other receivables	116,612	(122,893)
Movement in trade and other payables	2,936	225,013
Cash flows from operations	(473,590)	464,710
Taxation paid	(29,672)	(66,228)
Net cash flows from operating activities	<u>(503,262)</u>	<u>398,482</u>
<b>Cash flows from investing activities</b>		
Net cash flows from investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Movement in shareholder's loan	349,000	(75,000)
Dividends paid	-	(221,808)
Net cash flows from financing activities	<u>349,000</u>	<u>(296,808)</u>
<b>Movement in cash and cash equivalents</b>	<u>(154,262)</u>	<u>101,674</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Movement in cash and cash equivalents	(154,262)	101,674
Cash and cash equivalents at start of year	172,799	71,125
Cash and cash equivalents at end of year	<u>18,537</u>	<u>172,799</u>
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	<u>18,537</u>	<u>172,799</u>

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

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### 1. General information

Alembic Pharmaceuticals Europe Ltd. is a limited liability company incorporated in Malta. The company is engaged in the pharmaceuticals industry. Its registered office is at Palazzo Pietro Stiges, 103, Strait Street, Valletta VLT 1436, Malta.

### 2. Accounting policies

#### *Accounting convention and basis of preparation*

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Maltese Companies Act, 1995, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

#### *Financial assets*

Loans and receivables are stated at fair value, net of any impairment. A provision for impairment of loans and receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of payment. Loans and receivables are considered for impairment on a case by case basis and any provision is based on the directors' assessment of the amount recoverable on each receivable. Any change in value of loans and receivables is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### *Financial liabilities*

The company's financial liabilities include borrowings and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Interest-related charges are recognised as an expense in the period in which they are incurred.

#### *Share capital*

Ordinary shares are classified as equity.

Dividends are recognised in the period in which they are declared.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

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### *Impairment*

The carrying amounts of the company's assets, other than deferred tax assets, are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

### *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense is calculated on net income, adjusted for non-temporary differences between taxable and accounting income. The tax effect of temporary differences, arising from items brought into account in different periods for income tax and accounting purposes, is carried in the Statement of Financial Position as deferred tax debits or credits. Such deferred tax balances are calculated on the liability method taking into account the estimated tax that will be paid or recovered when the temporary differences reverse.

Deferred tax debits are only carried forward if there is a reasonable expectation of realisation. Deferred tax debits, arising from tax losses yet to be recovered, are only carried forward if there is a reasonable assurance and to the extent that future taxable income will be sufficient to allow the benefit of the tax loss to be realised or to the extent of the net credits in the deferred tax balance.

### *Foreign currencies*

The financial statements are presented in Euro, being both the company's functional and presentation currency. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Financial Position. Translation differences are dealt with through the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

### *Revenue*

Revenue represents the invoiced value of services rendered, net of taxes. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction.

### *Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand and balances with banks.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

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### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

### 4. Going concern

As shown in the accompanying financial statements, as at 31 March 2015, the company's liabilities exceeded its assets by € 594,295. This factor indicates that the company may be unable to continue as a going concern, however the shareholders have pledged to continue to provide financial support to the company in the foreseeable future as to ensure that the company continues as a going concern.

### 5. (Loss)/profit before taxation

	2015	2014
	€	€
(Loss)/profit before taxation is stated after charging:		
Director's fees	2,500	-
Loss on exchange	14	-
Auditors' remuneration	900	900
	<u>          </u>	<u>          </u>

### 6. Income tax

As at year-end, unabsorbed tax losses for which no deferred tax asset is recognised amounted to € 593,138 (2014 : € -).

	2015	2014
	€	€
Malta Income Tax :		
Current - for the year	<u>          </u>	<u>126,907</u>
German Income Tax :		
Current - for the year	<u>11,157</u>	<u>          </u>

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

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The accounting (loss)/profit and the tax charge for the year are reconciled as follows:

	<b>2015</b>	<b>2014</b>
	€	€
(Loss)/profit before taxation	(593,138)	362,590
Tax thereon at 35%	(207,598)	126,907
Tax effect of permanent differences	11,157	-
Tax effect of unrecognised temporary differences	207,598	-
Tax charge for the year	<u>11,157</u>	<u>126,907</u>

### 7. Trade and other receivables

	<b>2015</b>	<b>2014</b>
	€	€
Trade receivables	201	117,201
Other receivables	2,070	5,692
Financial assets	2,271	122,893
Prepayments	4,010	-
	<u>6,281</u>	<u>122,893</u>

### 8. Cash at bank and in hand

As at year-end, the company did not have any restrictions on its cash at bank and in hand.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

### 9. Called up issued share capital

	2015	2014
	€	€
<b>Authorised</b>		
9,999 Ordinary 'A' shares of €1 each	9,999	9,999
1 Ordinary 'B' share of €1	1	1
	<u>10,000</u>	<u>10,000</u>
<b>Called up issued and fully paid-up</b>		
9,999 Ordinary 'A' shares of €1 each	9,999	9,999
1 Ordinary 'B' share of €1	1	1
	<u>10,000</u>	<u>10,000</u>

Each ordinary 'A' share gives the right to one vote while Ordinary 'B' share does not have any voting rights. Both classes participate equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

### 10. Borrowings

	2015	2014
	€	€
<b>Falling due in between two and five years:</b>		
Amounts owed to parent company	<i>Note</i> 349,000	-
	<u>349,000</u>	<u>-</u>

*Amounts owed to parent company*

Amounts owed to parent company are unsecured, interest-free and have no fixed date of repayment.

### 11. Trade and other payables

	2015	2014
	€	€
Trade payables	5,241	2,305
Amounts owed to parent company	<i>Note</i> 221,808	221,808
Accruals	900	900
	<u>227,949</u>	<u>225,013</u>

*Amounts owed to parent company*

Amounts owed by parent company are unsecured, interest-free and have no fixed date of repayment.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

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### 12. Current tax payable

	2015	2014
	€	€
The tax provision is made up of :		
Balance at beginning of year	60,679	-
Provision for the year	11,157	126,907
Tax paid at source in foreign country	(29,672)	(66,228)
Balance at end of year	<u>42,164</u>	<u>60,679</u>

### 13. Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed to are described below.

#### *Credit risk*

The company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 7 and 8.

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

#### *Liquidity risk*

The company's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

At 31 March 2015 and 31 March 2014, there were no contractual maturities on the financial liabilities of the company. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

#### *Foreign currency risk*

Most of the company's transactions are carried out in Euro. Exposure to currency exchange rates arises from the company's transactions in foreign currencies.

The company's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.



# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Notes to the Financial Statements

for the year ended 31 March 2015

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### *Interest rate risk*

The company's exposure to interest rate risk is limited as it does not have any borrowings bearing variable interest rates.

### **14. Ultimate controlling party**

The company's ultimate parent company is Alembic Pharmaceuticals Limited of Alembic Road, Gorwa, Vadodara-390007, Gujarat, India, while the parent company is Alembic Global Holdings S.A. The latter company holds 99.9% of the voting of Alembic Pharmaceuticals Europe Limited, and its registered address is Rue Fritz Courvoisier 40, CH 2300 La Chaux De Fonds, Switzerland. The equity of the ultimate parent company is held by individual shareholders, none of which holds the majority of voting rights of the company.

# ALEMBIC PHARMACEUTICALS EUROPE LTD.

## Detailed Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2015

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	2015		2014	
	€	€	€	€
<b>Revenue</b>		70,500		535,500
<b>Regulatory filing fees and legal expenses</b>				
Director's fees	2,500		-	
Subscription	305		147	
Printing, postage and stationery	220		-	
Regulatory filing fees	620,416		151,573	
Administration expenses	31,995		13,490	
Consultancy fees	600		6,549	
Accountancy	6,250		-	
Audit	900		900	
Bank charges	438		251	
Realised difference on exchange	14		-	
		<u>(663,638)</u>		<u>(172,910)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<u><u>(593,138)</u></u>		<u><u>362,590</u></u>

**This page does not form part of the statutory financial statements.**