



TRANSLATION – AUDIT REPORT

Financial Statements as of March 31, 2015, and Management Report

Basics GmbH
Leverkusen, Germany

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KPMG AG Wirtschaftsprüfungsgesellschaft

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Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

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1 Audit Engagement

At the annual shareholders' meeting held on March 9, 2015, of

Basics GmbH, of Leverkusen, Germany
– hereinafter also referred to as "Company" –

we were appointed as auditors of the financial statements for the financial year from April 1, 2014, to March 31, 2015. Accordingly, the management has engaged us to audit the consolidated financial statements for the year ended March 31, 2015, together with the accounting records and the management report.

This audit report has been prepared in accordance with the principles of Audit Standard 450 promulgated by the German Institute of Public Auditors [IDW].

We confirm that we have conducted our audit in compliance with the applicable independence regulations in accordance with Section 321 (4a) of the German Commercial Code [HGB].

The terms governing this engagement are set out in the General Terms and Conditions of Engagement for Auditors and Auditing Firms (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) as amended on January 1, 2002, which are attached to this report as Appendix 4. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and 9 of the General Engagement Terms.

2 Evaluation of the Management's Assessment of the Company's Position

In our opinion, the following key statements in the management report are noteworthy:

- Following the merger of Ranbaxy Laboratories Ltd. with Sun Pharmaceutical Industries Ltd., Mumbai, India, the Company has been part of the Sun Pharma Group since March 25, 2015.
- During the 2014/15 financial year, the Company generated net sales revenue in the amount of EUR 23.2 million. Compared with the sales revenue for the period from April 1, 2013, to March 31, 2014, this represents an increase of 6 %.
- The gross profit margin dropped from 25 % to 20 %. The Company's gross profit is essentially dependent upon the rebates concluded with the statutory health insurance companies and the terms of procurement applicable to third-party and group suppliers. All in all, the share of low-margin rebate business relative to total output increased during the year under report. The gross profit margin fell as a result.
- Due in large part to an increase in trade receivables, short- and medium-term assets rose by EUR 13.6 million as of March 31, 2015.
- Future sales revenue should be secured through expansion of cooperation with health insurance companies and introduction of new molecules.
- The Company acts to counter any risks arising out of discount agreements, inter alia through continuous optimization of internal processes.
- For the 2015/16 financial year, the Company forecasts sales revenue of EUR 23.4 million and an EBITDA on revenue in the amount of 3.0 %.

As a result of our audit, we found that the management report presents fairly, in all material respects, the position of the Company and accurately presents the opportunities and risks of future development.

Please refer to Appendices 2 and 3 for the Company's business profile and legal status.

3 Performance of the Audit

3.1 Scope of the audit

We have audited the financial statements of Basics GmbH, of Leverkusen, Germany, including the accounting records and management report, for the financial year ended March 31, 2015. The management of the Company is responsible for

- maintenance of the books and records,
- preparing the financial statements and the management report in accordance with the regulations of German commercial law, and also for
- the explanations and evidence provided to us.

Our responsibility is to express an opinion on these financial statements and the management report based on our audit.

An audit of financial statements only covers compliance with other legal regulations to the extent that these other legal regulations can be expected to have an impact on the financial statements or the management report.

3.2 Nature and scope of audit procedures

We conducted our audit of the financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. The objective of our risk-oriented audit approach is to ensure that the statements made in the financial statements and management report of Basics GmbH, of Leverkusen, Germany, provide a reliable basis for decisions made by users of these financial statements.

The main features underlying our audit approach are as follows:

Phase I: Development of an audit strategy focused on business risks

Obtaining an understanding of the Company's business as well as knowledge of the accounting systems and the internal control system

Establishing audit focus areas based on our risk assessment:

- Existence and measurement of trading goods
- Identification and measurement of trade receivables
- Completeness of other provisions.

Establishing the audit strategy and timeline for the audit

Selecting the audit team and planning the deployment of specialists

Phase II: Selection and implementation of control-based audit procedures

Selection of control-based audit procedures based on risk assessments and knowledge of business processes and systems

Assessment of the design and effectiveness of selected accounting-related controls

Phase III: Tests of details and analytical review of items in the financial statements

Performance of analytical reviews of items in the financial statements

Tests of details on a sample basis and assessment of individual items with a view to the accounting options and judgments exercised, e. g.:

- Obtaining confirmations from lawyers and credit institutions
- Obtaining confirmations from customers and suppliers on the basis of a random/intentional selection

Review of disclosures in the notes and assessment of the management report

Phase IV: Overall assessment of audit results and reporting

Formation of the audit opinion on the basis of the overall assessment of audit results

Reporting in the audit report and the auditor's report

Detailed oral presentation of audit results to the management

We performed our audit (with interruptions) in the months of February through April 2015, concluding on April 28, 2015.

All explanations and evidence requested by us were provided. The management confirmed in writing that the financial statements and the management report are complete.

4 Findings Concerning Accounting Records and Financial Reporting

4.1 Accounting records and related documents

The Company's accounting records have been properly kept and maintained. The accounting records and related documents are properly authorized, sufficiently explained and filed in an orderly manner. Based on our findings, the accounting records and related documents comply with German statutory requirements.

Based on our audit, we found that the Company's organizational and technical measures taken to ensure security of the accounting-relevant data and IT systems were appropriate.

4.2 Financial statements

The financial statements as of March 31, 2015, presented to us for audit were properly derived from the Company's accounting records and related documents. The opening balance sheet figures were properly carried forward from the prior-year financial statements. The statutory regulations concerning recognition, disclosure and valuation were observed.

The balance sheet and the income statement were prepared in accordance with the provisions of German commercial law governing the accounting of limited-liability companies, including generally accepted accounting principles. The notes to the financial statements include all legally required information.

Size-related reporting simplifications have been correctly applied in part, in accordance with Section 288 HGB.

Proper use has been made of the protection clause under Section 286 (4) HGB.

4.3 Management report

The management report prepared by the management complies with statutory regulations. The management report is consistent with the financial statements and our audit findings. It presents fairly, in all material respects, the position of the Company. As a result of our audit, we conclude that the management report suitably presents the main opportunities and risks of future development and that the disclosures pursuant to Section 289 (2) HGB are complete and accurate.

5 Opinion on the Overall Presentation of the Financial Statements

5.1 Explanatory notes concerning the overall presentation

The general accounting policies are described in the notes to the financial statements (see Appendix 1.3). They have been applied largely consistently with the prior year.

The exercise of accounting and valuation options as well as accounting judgments for the following financial-statement items has a material effect on the Company's net assets, financial position and results of operations:

Purchased concessions, industrial rights and similar assets, and licenses to such rights and assets relate mainly to licenses for drugs sold and the right to use the trade name "Basics." The license acquired in 2009 at an acquisition cost of kEUR 2,360 for the product Veratide is amortized over the expected useful life of 13 years, using the straight-line method. Amortization of the right to use the trade name "Basics" is carried out on a straight-line basis over a useful life of 15 years.

The goodwill results from the acquisition of all rights, claims and shares of the "Basics" business from Bayer Vital GmbH & Co. KG in the 2000 financial year. It is amortized on a straight-line basis over a useful life of 15 years, based on the related tax rules. The useful life applied represents an acceptable estimate of useful life.

Write-downs of kEUR 1,007 were made in respect of merchandise to take account of price and obsolescence risks (prior year: kEUR 734).

Other provisions have been recognized for all discernible risks and contingent liabilities at an amount which is consistent with the judgment of a reasonable businessman. KEUR 33,672 of this amount (prior year: kEUR 19,842) mainly concerns a provision for health insurance rebates. The provision includes the estimated rebates that must be granted to contracting parties. Because in some cases contracting parties to which rebates are granted settle with the Company only once a year, the projected rebates granted must be estimated as of March 31, 2015. The Company based its estimates on the provision for rebates on statistical market data provided by an independent third party for the 2014/15 financial year.

5.2 Conclusion on the overall presentation of the financial statements

In the financial statements as of March 31, 2015, the Company exercised accounting and valuation options that were by and large consistent with the prior year.

The annual financial statements contain some key areas of discretion, individually detailed in section 5.1 of the report, which are due to the need for estimates and forecasts. Their overall impact on the overall assertion of the financial statements cannot be clearly quantified due to the lack of representative benchmarks. The most significant instances of judgment from the point of view of the overall assertion consist of the provision for rebates that have to be granted to contractual parties in the future.

Based on an overall consideration of the accounting policies described above, we are of the opinion that the financial statements provide a true and fair view of the Company's net assets, financial position and results of operations in accordance with German generally accepted accounting principles.

6 Auditor's Report

We have issued the following unqualified auditor's report:



Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report, of Basics GmbH, of Leverkusen, Germany, for the financial year from April 1, 2014, to March 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Basics GmbH, of Leverkusen, Germany, in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.



Düsseldorf, 28. April 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Dr. Uhde
Wirtschaftsprüfer
[German Public Auditor]

Körwer
Wirtschaftsprüfer
[German Public Auditor]

Appendices

Appendix 1

Financial Statements as of March 31, 2015, and Management Report

1.1 Balance Sheet

1.2 Income Statement

1.3 Notes

1.4 Management Report

Basics GmbH, Leverkusen, Germany

Balance sheet as of March 31, 2015

ASSETS

	Mar. 31, 2015 EUR	Mar. 31, 2014 EUR
A. Fixed assets		
I. Intangible assets		
1. Licenses, trademarks and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	1,391,217.05	1,739,036.82
2. Goodwill	31,248.25	406,227.24
3. Advance payments	<u>20,157.52</u>	<u>0</u>
	1,442,622.82	2,145,264.06
II. Property, plant and equipment		
1. Operating and office equipment	54,266.66	71,237.47
2. Advance payments	<u>21,444.20</u>	<u>0.00</u>
	75,710.86	71,237.47
III. Financial assets		
Shares in affiliated companies	<u>25,000.00</u>	<u>25,000.00</u>
	<u>1,543,333.68</u>	<u>2,241,501.53</u>
B. Current assets		
I. Inventories		
Finished goods and merchandise	4,937,426.63	4,177,644.00
II. Receivables and other assets		
1. Trade receivables	14,043,505.96	10,171,319.93
2. Receivables from affiliated companies - thereof from shareholders: EUR 5,008,600.00 (PY: EUR 7,047,766.67) -	7,067,664.17	7,238,588.83
3. Other assets	<u>104,122.87</u>	<u>79,702.51</u>
	21,215,293.00	17,489,611.27
III. Cash and cash equivalents	<u>16,375,746.40</u>	<u>6,619,626.51</u>
	<u>42,528,466.03</u>	<u>28,286,881.78</u>
C. Deferred charges and prepaid expenses	<u>130,346.74</u>	<u>144,502.55</u>
	<u>44,202,146.45</u>	<u>30,672,885.86</u>

LIABILITIES

	Mar. 31, 2015 EUR	Mar. 31, 2014 EUR
A. Equity		
I. Subscribed capital	4,875,000.00	4,875,000.00
II. Capital reserve	2,500,000.00	2,500,000.00
III. Earnings carried forward	351,029.60	223,820.53
IV. Net loss (PY: net income) for the financial year	-160,549.32	127,209.07
	7,565,480.28	7,726,029.60
B. Provisions		
Other provisions	35,644,765.90	21,591,887.40
C. Liabilities		
1. Trade payables	27,241.61	70,969.87
2. Liabilities to affiliated companies	34,758.97	692,957.35
3. Other liabilities	929,899.69	591,041.64
- thereof for taxes: EUR 924,663.91 (PY: EUR 579,259.63) -		
- thereof for social security: EUR 2,963.98 (PY: EUR 2,959.90) -		
	991,900.27	1,354,968.86
	44,202,146.45	30,672,885.86

Basics GmbH, Leverkusen, Germany

Income Statement for the Period from April 1, 2014, to March 31, 2015

	Apr. 1, 2014-Mar. 31, 2015 EUR	Jan. 1- Mar. 31, 2014 EUR
1. Revenue	23,179,900.45	5,467,719.47
2. Other operating income	597,601.02	211,328.94
--thereof from currency translation EUR 741.53 (PY: EUR 0.00)--		
3. Cost of materials		
Cost of raw materials, supplies and purchased goods	-18,574,517.75	-4,105,932.46
4. Personnel expenses		
a) Wages and salaries	-2,224,153.59	-519,090.07
b) Social security, pension and other benefits	-417,858.65	-82,523.66
--thereof for pensions: EUR 100,842.90 (PY: EUR 11,839.52)--		
	-2,642,012.24	
5. Amortization of intangible assets and depreciation of property, plant and equipment	-746,549.88	-187,467.82
6. Other operating expenses	-2,942,540.83	-661,737.26
--thereof from currency translation EUR 8,635.66 (PY: EUR 0.00)--		
7. Operating profit (loss)	-1,128,119.23	122,297.14
8. Income (PY: expenses) from profit and loss transfer agreement	927,867.87	-8,970.44
9. Other interest and similar income	39,702.04	14,000.01
--thereof from affiliated companies EUR 39,638.05 (PY: EUR 14,000.01)--		
10. Interest and similar expenses	0.00	-117.64
11. Financial result	967,569.91	4,911.93
12. Profit (loss) from continuing operations		
Net loss (PY: net income) for the year	-160,549.32	127,209.07

Basics GmbH,
Leverkusen, Germany

Notes to the financial statements for the financial year
from April 1, 2014, to March 31, 2015

I. General

The financial statements as of March 31, 2015, were prepared in accordance with the rules applicable to medium-sized companies as defined in Section 267 (2) of the German Commercial Code [HGB] in the version based on BilMoG (the German Accounting Law Modernization Act), in conjunction with the rules of the German Limited-Liability Companies Act [GmbHG].

The Company had inserted a short financial year covering the period from January 1, 2014, to March 31, 2014. As a result, any comparison with prior-year figures, particularly in the case of the figures in the income statement, is possible only up to a point.

II. Accounting and valuation principles

Intangible assets and property, plant and equipment are measured at the lower of acquisition cost, less scheduled amortization/depreciation calculated on a straight-line basis, or fair value.

The following useful lives are applied:

Licenses	5 years
Rights to use a trade name	13-15 years
Goodwill	15 years
Operating and office equipment	3-10 years

Inventories are measured at the lower of acquisition cost or fair value to be attributed at the balance sheet date, taking into account the lower of cost or market principle.

Trade receivables, other assets and cash and cash equivalents are measured at nominal value.

Other provisions take into consideration all discernible risks and contingent liabilities as of the date on which the financial statements were drawn up. Long-term provisions are discounted.

Liabilities are stated at their repayment amount.

Foreign currency receivables and payables are measured at the mid-rate of exchange as of the balance sheet date.

III. Notes on the balance sheet

1. Fixed assets

The trend in individual fixed assets items is shown in the assets analysis attached as an appendix to the notes.

Goodwill is amortized on a straight-line basis over a useful life of 15 years based on the related tax rules. The useful life of 15 years represents an acceptable estimate of useful life and does not conflict with any special circumstances.

Financial assets comprise 100% of the shares in Ranbaxy GmbH, of Leverkusen, Germany. They are measured at acquisition cost. As of March 31, 2015, the subsidiary reports net income before profit or loss transfer in the amount of EUR 927,867.87; this amount was transferred to Basics GmbH in compliance with the profit and loss transfer agreement of December 12, 2012.

2. Current assets

All receivables and other assets are due within less than one year.

For the most part, the receivables due from affiliated companies relate to loan and interest receivables against the shareholder of Ranbaxy (Nederlands) BV., of Amsterdam, The Netherlands (KEUR 5,009); the profit transfer by subsidiary Ranbaxy GmbH (KEUR 929); as well as claims arising from joint VAT filing status with Ranbaxy GmbH (KEUR 579).

3. Other provisions

Material items included in other provisions are:

	KEUR
Outstanding invoices	35,452
Human-resources area	153
Cost of annual financial statements	40
	<u>35,534</u>

Outstanding invoices are particularly related to amounts not yet charged with respect to rebate contracts with various health insurance companies (KEUR 33,672) and expenses incurred in connection with product licenses (KEUR 997).

4. Liabilities

All liabilities have a remaining term of less than one year.

5. Other financial liabilities

Other financial commitments arising from rental and leasing agreements amount to KEUR 178 as of March 31, 2015, and are due within one year.

IV. Comments on the income statement

The income statement has been classified according to Section 275 (2) of the German Commercial Code [HGB] based on the total-cost method.

Other operating income (KEUR 598) materially consists of the charge-on of regulatory and personnel costs to Group companies amounting to KEUR 417 and income resulting from the licensing-out of products (KEUR 21).

Other operating expenses break down as follows:

	KEUR
Administrative expenses	1,326
Marketing and sales expenses	777
Expenses for regulatory and quality assurance	839
	<u>2,942</u>

V. Other disclosures

1. Employees

The average number of persons employed by the Company during the year was 33.

2. Management

During the financial year, the Company's managing directors were:

Neeraj Sharma, London, Great Britain (until May 13, 2014),

Venu Madhav, Leverkusen, Germany (from May 13, 2014).

The Company applies the simplifications available to it under Section 286 (4) HGB.

3. Group affiliation

Basics GmbH is a 100% subsidiary of Ranbaxy (Netherlands) B.V., Amsterdam, The Netherlands, and is included in the consolidated financial statements of Sun Pharmaceutical Industries Limited, Mumbai, India.

The consolidated financial statements of Sun Pharmaceutical Industries Limited can be found at <http://www.sunpharma.com/investors/annualreports>.

Leverkusen, Germany, April 28, 2015

Basics GmbH,
Leverkusen, Germany

Venu Madhav

Basics GmbH, Leverkusen, Germany

Movements in fixed assets
during the financial year from April 1, 2014, to March 31, 2015

	At cost			
	Apr. 1, 2014	Additions	Disposals	Mar. 31, 2015
	EUR	EUR	EUR	EUR
I. Intangible assets				
1. Licenses, trademarks and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	6,289,157.74	2,177.00	19,658.78	6,271,675.96
2. Goodwill	5,624,803.29	0.00	0.00	5,624,803.29
3. Advance payments	0.00	20,157.52	0.00	20,157.52
	11,913,961.03	22,334.52	19,658.78	11,916,636.77
II. Property, plant and equipment				
1. Operating and office equipment	282,606.39	6,499.44	59,292.88	229,812.95
2. Advance payments	0.00	21,444.20	0.00	21,444.20
	282,606.39	27,943.64	59,292.88	251,257.15
III. Financial assets				
Shares in affiliated companies	25,000.00	0.00	0.00	25,000.00
	12,221,567.42	50,278.16	78,951.66	12,192,893.92

Accumulated amortization and depreciation				Book value	
Apr. 1, 2014	Additions	Disposals	Mar. 31, 2015	Mar. 31, 2015	Mar. 31, 2014
EUR	EUR	EUR	EUR	EUR	EUR
4,550,120.92	349,996.77	19,658.78	4,880,458.91	1,391,217.05	1,739,036.82
5,218,576.05	374,978.99	0.00	5,593,555.04	31,248.25	406,227.24
0.00	0.00	0.00	0.00	20,157.52	0.00
9,768,696.97	724,975.76	19,658.78	10,474,013.95	1,442,622.82	2,145,264.06
211,368.92	21,574.12	57,396.75	175,546.29	54,266.66	71,237.47
0.00	0.00	0.00	0.00	21,444.20	0.00
211,368.92	21,574.12	57,396.75	175,546.29	75,710.86	71,237.47
0.00	0.00	0.00	0.00	25,000.00	25,000.00
9,980,065.89	746,549.88	77,055.53	10,649,560.24	1,543,333.68	2,241,501.53

Basics GmbH,
Leverkusen, Germany

MANAGEMENT REPORT FOR THE FINANCIAL YEAR FROM APRIL 1, 2014, TO MARCH 31, 2015

Company's business profile

Basics GmbH is mainly engaged in the sale of generics produced by Sun Pharmaceutical Industries Limited, of India. In its current form, the Parent Company emerged from the merger of two Indian pharmaceuticals companies: Ranbaxy Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. (Sun Pharma), effective March 25, 2015. As a result, the merged company, Sun Pharma, is the largest pharmaceuticals company in India and the fifth-largest producer of generic drugs worldwide.

With its product portfolio, the Company operates in the German and Austrian healthcare market, focusing on generic products in the pharmaceuticals market. The Company's principal customers are wholesalers and pharmacies.

The Company had inserted a short financial year covering the period from January 1, 2014, to March 31, 2014. As a result, any comparison with prior-year figures, particularly in the case of the figures in the income statement, is possible only up to a point.

Economic report

General conditions and trend of business operations

The market for generics in Germany

During the period under report, from April 1, 2014, until March 31, 2015, total revenues in the generics market totaled to nearly EUR 6.7 billion (source: Insight Health, 2015). This represents approx. 3% growth in sales over the prior period (source: *ibid.*).

In 2014, 76% of all pharmaceuticals issued for the benefit of health insurance plans were generic drugs, though at the same time these accounted for less than 10% of the real cost of drugs in the statutory health insurance (Pro Generika market data 2014).

Arrangements known as "rebate contracts" have become firmly established in the generic-capable segment (generics, former originals with expired patents) of the German pharmaceutical market. During the 2014 financial year, the market share of generic medicines covered by rebate contracts was 60% (source: Insight Health NVI-KT, 2015). In light of the law on the restructuring of the pharmaceutical market (AMNOG), health insurance companies still rely on rebate contracts. They brought health insurance companies savings of EUR 3.15 billion in 2014 alone, which

represents a year-over-year increase of EUR 300 million (Deutsche Apothekerzeitung, 2015).

Price competition remains fierce. Furthermore, the continued possibility of exemption from additional payments as well as the further reduction of the reference price of individual, in some cases significant, products will continue to affect profitability for Basics. During the period under report, the Basics range was affected by reductions in the reference price of 20 of its molecules, including for alendronic acid, atorvastatin, candesartan, ciprofloxacin, fluconazole, ofloxacin, pantoprazole, sertraline, simvastatin, and tamsulosin. A reference price was also set for an additional five molecules.

The top 25 manufacturers of generic prescription medicines in Germany for the reporting period of April 2014 - March 2015 are set out in the table below:

Ranking	Manufacturer	04/2014-03/2015 Revenue ApU* (EUR millions)	04/2014-03/2015 Growth (in %)
1	Hexal	435.7	-6
2	1 A Pharma	395.9	7
3	Zentiva Pharma	330.1	17
4	Aliud	307.1	17
5	ratiopharm	298.6	-7
6	Stadapharm	245.6	-13
7	ABZ Pharma	236.7	7
8	Actavis	189.9	-9
9	TAD Pharma	185.0	28
10	Heumann	139.1	20
11	Neuraxpharm	136.9	20
12	Medac	125.3	5
13	Mylan dura	116.6	-5
14	Aristo Pharma	101.6	20
15	Basics	85.7	49
16	Teva	72.5	-27
17	Heunet	72.4	-23
18	Pfizer Pharma	71.7	22
19	betapharm	61.5	-13
20	Falk	61.2	17
21	Aurobindo	44.7	43
22	Jenapharm	44.6	-8
23	Meda Pharma	40.4	-7
24	Kade/Besins	38.3	6
25	Dexcel	37.2	10

* ApU = Sales price of pharmaceutical entrepreneur (Abgabepreis pharmazeutischer Unternehmer)
Source: InsightHealth NPI 2015

As in recent years, the German generics market was again mainly dominated by the top three groups – Novartis (Hexal/Sandoz/1A), Teva (Teva/Ratiopharm/ABZ) und Stada (Stadapharm/Aliud) – which when combined accounted for a total market share of 42% of the market for the top 25 generics companies (source: Insight Health, 2015). With a broad and extensive product portfolio and a strategic supply policy, these groups won a large number of rebate-contract tenders with health insurance companies.

During the period under report, Basics GmbH managed to climb to 15th place (prior year: 21st place) among generics companies with the highest revenue (Source: Insight Health, 2015). This ranking represents revenue growth of approximately 49% compared to the same prior-year period. The Basics subsidiary Ranbaxy GmbH finished in 70th place on the same scale, with year-over-year growth of 184%.

Once again during the financial year under report, numerous statutory insurance companies conducted tender procedures for rebate contracts in which Basics GmbH successfully took part. Multiple rebate contracts dating back to prior-year tenders with various insurance companies – contracts in which Basics GmbH had received approval – also went into effect during the reporting period. Particularly worthy of note in this connection is the successful expansion of rebate contracts with Germany's largest tender association, the AOK insurance companies. During the period April 2014 - March 2015, Basics launched AOK rebate agreements for six molecules (amoxicillin+clavulanic acid, alendronic acid, ofloxacin, cefpodoxime, donepezil and candesartan).

The Basics subsidiary Ranbaxy GmbH participates separately in tenders. There, the AOK rebate contract for fluconazole went into effect during the period under report.

Basics GmbH introduced new medicinal products for eight molecules during the financial year from April 2014 through March 2015. These include a variety of products intended to provide extended strengths and package sizes for active ingredients already in existence. The goal is to improve competitiveness through complete coverage.

RESULTS OF OPERATIONS

The results of operations for Basics GmbH are characterized by expansion in the discount business with health insurance companies.

During the period under report, the Company was able to expand gross sales revenue by 51% compared to the prior 12-month period. This is particularly the result of the increased number of rebate contracts with health insurance companies.

Net revenue rose to EUR 23.2 million (prior year's forecast: EUR 23.4 million). This represents revenue growth of 6% over the comparable period of April 1, 2013, through March 31, 2014 (EUR 21.9 million). Thanks to an increase of around 20%, business under Basics' trademark was more than enough to offset the decline in the supply business with major customers (-52% versus the comparison value for the prior year).

The low-margin rebate business, however, represented a significantly higher share of overall output, and together with a devaluation of inventories for unsalable goods in the amount of EUR 0.6 million, this reduced the gross profit margin to 20% (1st quarter 2014: 25%).

Measured as a percentage of sales, other operating expenses increased only slightly (entire 2014-15 financial year: 13%, versus Q1/2014: 12%). This increase was the result of regulatory expenses.

After acquisition of income under the profit and loss transfer agreement with the wholly-owned subsidiary Ranbaxy GmbH, in the amount of KEUR 928, along with interest income of KEUR 40, there is a net loss of KEUR 161 (Q1/2014: surplus of KEUR 127).

FINANCIAL POSITION AND NET ASSETS

The Company's financial position can be described as very stable. The effort of financial management is always directed at settling obligations within payment terms and collecting amounts due within payment targets.

In light of scheduled depreciation, non-current assets fell by EUR 0.7 million to EUR 1.5 million.

Short- and medium-term assets were EUR 13.6 million higher than the prior year and now total to 96% of the balance sheet total (prior year: 93%).

The increase is mainly the result of an increase in trade receivables (EUR +3.9 million) due to significantly increased gross revenue and the EUR 9.8 million increase in cash and cash equivalents due to timely collection of receivables.

Corresponding to the expansion in the rebate business with health insurance companies, other provisions are EUR 14.1 million higher than they were the year prior.

Total assets were significantly higher than they were on March 31, 2014 (EUR 30.7 million) and now stand at EUR 43.6 million.

The Company's capital structure is solid. As a result of the increase in total assets, the equity ratio now stands at 17% (prior year: 25%).

Financial and non-financial performance indicators

For our internal corporate control, we consult the key figures of net sales and operating result (EBITDA) as well as EBITDA as a % of sales.

Net revenue of EUR 23.2 million and an operating result of EUR -1.1 million result in a ratio of EBIT to revenue of -4.8% (Q1/2014: 2.2%). The budget had envisioned net revenue of EUR 23.4 million and an EBITDA of 3%.

As expected, the number of employees, another non-financial performance indicator, stood at 34 as of March 31, 2015 (March 31, 2014: 35).

Subsequent events

After completion of the financial year, there have been no events of special importance having an impact on these financial statements.

Outlook

Our view of the projected trend at Basics GmbH is positive. The pharmaceuticals sector offers great growth potential in the area of generics, particularly considering the conclusion of additional rebate contracts, if service, price and quality are strictly guided by customer requirements.

Accordingly, sales- and turnover-enhancing effects are expected due to the launch of additional new rebate contracts in 2015 and the years thereafter. Also expected in this connection is an extension of existing rebate partnerships as well as the conclusion of agreements regarding additional substances with all major German statutory health insurance companies and associations of health insurance companies. With these molecules already accepted and contracts for them slated to take effect in the coming financial year, further growth is ensured. These new rebate agreements also include the nationwide approval of use of the major molecule simvastatin by the AOK health insurers, together with other molecules in high demand (e.g. cefuroxime, clarithromycin) under a multiple-partner model involving numerous health insurance companies. Particularly important is the fact that product availability for delivery is ensured, thanks to a professional inventory management system, with stocks undergoing a continuous process of review.

Introductions of various molecules are planned for the new financial year currently under way. These include extensions and supplements to the existing portfolio that will not only enhance competitiveness but also generate positive effects for net profit. With the active ingredient of pregabalin in the "central nervous system" (CNS) treatment area, there is a product planned for launch in a market that represents particularly high revenue for Basics.

The revenue forecast for the period from April 1, 2015, to March 31, 2016, is EUR 23.4 million (actual revenue April 1, 2014, to March 31, 2015: EUR 23.2 million) with a ratio of EBITDA to revenue of 3.0%. Following the loss of a major customer,

the business unit supplying to industrial customers plays only a subordinate role in this regard.

Risk report

Generally speaking, the rebate-contract business in which Basics GmbH is primarily active also harbors certain risks. These risks include the non-trivial contractual penalties incurred in the event of inability to deliver, or the costs of write-downs that can arise for excess stocks of products with a comparatively low sales volume. In the latter case, higher inventory write-downs might become necessary. The procurement system is continuously strengthened and restructured in order to minimize these risks while ensuring uninterrupted supply of the products needed.

To further minimize business risks on the procurement side, where possible, sources of supply are being diversified to a broader area (Europe and Asia).

Given our Company's stable liquidity and equity situation, there are no liquidity risks discernible at this time. There are no liquidity bottlenecks expected.

There are no substantial currency risks that could influence the Company's net assets, financial position and results of operations. Deliveries of goods from countries outside the Eurozone are denominated in Euros.

Opportunities

The healthcare market is and remains a growth market.

The Company's focus and opportunities are seen in:

- adding further strength, dosage forms or pack sizes,
- enhanced cooperation within the recently merged new group of companies and
- the development of new business fields

A particular area of emphasis is on development of the business fields of hospital supply and over-the-counter (OTC) drugs.

We are well-equipped for continuous participation in all major future tenders with health insurers. To the extent possible, the focus here will be on generating higher margins. Optimization of the portfolio with an eye toward improved coverage in future tenders is also planned.

Overall presentation

We see risks to future development in the highly competitive business environment in which we operate, particularly in the area of rebate contracts, increasing purchase prices and the stagnant level of sales prices, all of this under the influence of constant legislative regulatory measures.

Given our Company's stable liquidity and equity situation, we do not discern any liquidity risks that would pose a risk to the Company's continuation as a going concern.

Leverkusen, Germany, April 28, 2015

The Management

Venu Madhav

Business Profile

Field of activity	<p>Basics GmbH sells pharmaceutical products.</p> <p>The Company belongs to the Sun Pharmaceutical Industries Group of India, which is one of the largest drug manufacturers in India and ranks among the five largest manufacturers of generics in the world. The Company launched its business activity with the acquisition of the business of Bayer Vital GmbH & Co. KG during the financial year 2000. All medicines sold by Basics GmbH must comply with the eligibility and quality requirements of the German and European regulatory authorities.</p> <p>The Company sells its merchandise primarily in Germany. More than 95 % of sales revenue is realized in Germany.</p>
Important business relationships	<p>The Company's activities revolve around the purchase and sale of generics, which are mainly bought from affiliated companies in India.</p> <p>The Company participates in tenders initiated by statutory health insurance companies in the German market. For this purpose, the subsidiary Ranbaxy GmbH, of Leverkusen, Germany, was founded in 2012. The Company has a profit and loss transfer agreement in effect with Ranbaxy GmbH.</p>
Business premises	<p>Basics GmbH conducts its business in leased premises in Leverkusen. It enlists the services of a logistician for the storage and dispatch of its goods. At the end of the financial year 2012, the Company relocated its inventories to an affiliated company of the Daiichi Sankyo Group.</p>
Personnel	<p>Basics GmbH has 34 employees as of March 31, 2015.</p> <p>The average number of employees over the financial year broken down by category is stated in the Company's notes to the financial statements (Appendix 1.3).</p>

Legal Status

Date of formation	In accordance with the articles of association, the Company was formed on July 29, 1999.
Registered name	Basics GmbH
Registered office	Leverkusen, Germany
Bylaws/articles of association	Last amended on December 12, 2013.
Commercial register	District Court [Amtsgericht] of Cologne, Germany, under Commercial Register entry no. HRB 43673 (last entry was made on June 5, 2014; last Commercial Register excerpt is dated May 7, 2015).
Object of the Company	The object of the Company is the manufacture and the sale of pharmaceutical products.
Financial year	<p>The financial year begins on April 1 of each year and ends on March 31 of the following year.</p> <p>The annual shareholders' meeting held on December 12, 2013, amended the articles of association such that, effective April 1, 2014, the financial year will extend from April 1 until March 31 of the following year.</p> <p>The transition period from January 1 through March 31, 2014, constituted a short financial year. This amendment was entered to the Commercial Register on January 2, 2014.</p>
Share capital	EUR 4,875,000.00; as of the balance sheet date, the sole shareholder is Ranbaxy (Netherlands) B.V., of Amsterdam, The Netherlands.

Prior year's financial statements	<p>At the shareholders' meeting on September 18, 2014, the financial statements as of March 31, 2014, prepared by management, audited by us and provided with an unqualified auditor's report, were presented together with the management report, and the financial statements were approved. It was resolved that the net income of EUR 127,209.07 for the financial year be carried forward to new account. The management was exonerated for the short financial year from January 1 to March 31, 2014.</p>
Size of the Company	<p>As of March 31, 2015, the Company is a medium-sized corporation as defined by Section 267 (2) of the German Commercial Code [HGB].</p>
Affiliated companies	<p>Ranbaxy Group/Sun Pharma Group</p> <p>Effective March 25, 2015, the Company is part of the group of companies of Sun Pharmaceuticals Group. The uppermost parent company that issues the consolidated financial statements for the largest and smallest group of companies is Sun Pharmaceutical Industries Limited, of Mumbai, India.</p> <p>All of the companies in a parent-subsidary relationship with this company are considered affiliated companies.</p> <p>Up until the sale in March, the Group belonged to the group of companies of Daiichi Sankyo Co., Ltd., of Tokyo, Japan.</p>
Group affiliation	<p>The Company is included in the consolidated financial statements of Sun Pharmaceutical Industries Limited, of Mumbai, India.</p>
Intercompany agreements	<p>On December 12, 2012, a control and profit-transfer agreement was concluded with the wholly owned subsidiary Ranbaxy GmbH, of Leverkusen, Germany, effective January 1, 2012; this agreement was entered into the Commercial Register for the subsidiary on December 27, 2012. Under the agreement, Ranbaxy GmbH has an obligation to transfer to Basics GmbH its entire net income prior to profit transfer, less a loss carryforward from the previous year, subject to the formation or disposal of reserves. In turn, Basics GmbH has an obligation to balance out any net loss incurred by Ranbaxy GmbH during the life of the agreement.</p>

Intercompany agreements (continued)	<p>The control and profit-transfer agreement was amended by agreement dated December 12, 2013. The annual shareholders' meeting approved the amendment that same day. The amendment provides that, subject to the written-form requirement and the requirement of a six-month period of notice, the transferring company may terminate the control and profit-transfer agreement in the ordinary course of business, effective at the end of a financial year, yet with termination not to take effect before the end of December 31, 2017. If the agreement is not terminated, the period of notice remains the same and the agreement is automatically extended by an additional year. The supplement to the agreement was entered to the Commercial Register for Ranbaxy GmbH on December 20, 2013. The agreement remains in effect at this time.</p>
Managing directors	<p>The members of management are listed in the Company's notes to the financial statements (Appendix 1.3).</p> <p>The managing director is authorized to represent the Company individually with the authority to conclude legal transactions in the managing director's own name or as a legal representative of a third party on behalf of the Company.</p>
Authorized representatives	<p>Hilmar Kerper, Mettmann, Germany, and Ahmed Banjaddi, Leverkusen, Germany.</p> <p>The authorized representatives ("Prokurist") are authorized to represent the Company jointly with a managing director or another authorized representative.</p>

Tax status

The Company is registered at the tax office of Leverkusen, under the tax identification number 230/5701/1303.

The most recent tax audit for income and value-added tax covered the assessment periods for the years 2007 through 2009 and was completed in 2012. The results of the tax audit were reflected in the financial statements as of December 31, 2012.

Accordingly, tax assessments from 2010 must be considered preliminary insofar as these were issued subject to the subsequent tax audit.

In August 2014, the Tax Office for Major and Group Audits [Finanzamt für Groß- und Konzernprüfung] in Bonn, Germany, began a tax audit for the assessment periods from 2010 to 2012. This tax audit still had not yet been completed by the time we concluded our audit.

Appendix 4

General
Engagement Terms

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.