Ranbaxy Pharmaceuticals Canada Inc.
Financial Statements
March 31, 2015

Independent Auditors' Report

To the Shareholder of Ranbaxy Pharmaceuticals Canada Inc.:

We have audited the accompanying financial statements of Ranbaxy Pharmaceuticals Canada Inc., which comprise the balance sheet as at March 31, 2015, and the statement of loss and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' judgment, 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 management, 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.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ranbaxy Pharmaceuticals Canada Inc. as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Toronto, Ontario — Chartered Professional Accountants

April 15, 2015 — Licensed Public Accountants

Ranbaxy Pharmaceuticals Canada Inc.
Balance Sheet
As at March 31, 2015

	2015	2014
Assets		
Current		
Cash and cash equivalents	**1,505,375**	1,547,356
Short term investments *(Note 3)*	**25,000**	25,000
Accounts receivable	**8,653,557**	9,291,396
Inventories *(Note 4)*	**19,559,304**	20,120,026
Prepaid expenses and deposits	**203,639**	495,233
Government remittances receivable	**600,122**	591,217
Income taxes recoverable	**540,000**	3,091,461
Future income taxes	**-**	517,125
	31,086,997	35,678,814
Property and equipment *(Note 5)*	**102,887**	133,475
Future income taxes	**-**	9,850
	31,189,884	35,822,139
Liabilities		
Current		
Accounts payable and accrued liabilities	**24,676,019**	23,023,214
Commitments and contingencies *(Note 11)*		
Subsequent events		
Shareholder's Equity		
Share capital *(Note 6)*	**2,250,100**	2,250,100
Retained earnings	**4,263,765**	10,548,825
	6,513,865	12,798,925
	31,189,884	35,822,139

Approved on behalf of the Board

"Ajay Vashisht", Director ________________________

The accompanying notes are an integral part of these financial statements

Ranbaxy Pharmaceuticals Canada Inc.
Statement of Loss and Retained Earnings
For the period ended March 31, 2015

	2015 (12 months)	*2014 (15 months)*
Revenue		
Sales	**157,028,900**	273,273,145
Customer rebates	**(108,952,057)**	(194,300,000)
Net sales	**48,076,843**	78,973,145
Cost of sales	**39,321,130**	61,952,155
Gross profit	**8,755,713**	17,020,990
Expenses		
Selling, general and administrative *(Note 7), (Note 8)*	**13,739,296**	23,518,238
Interest	**17,229**	19,534
Interest income	**(91,559)**	(47,501)
Foreign exchange loss	**784,311**	680,074
Amortization	**61,438**	85,542
	14,510,715	24,255,887
Loss before income tax	**(5,755,002)**	(7,234,897)
Recovery of income taxes		
Current *(Note 9)*	**-**	(2,289,087)
Future *(Note 9)*	**530,058**	105,426
	530,058	(2,183,661)
Net loss	**(6,285,060)**	(5,051,236)
Retained earnings, beginning of period	**10,548,825**	15,600,061
Retained earnings, end of period	**4,263,765**	10,548,825

The accompanying notes are an integral part of these financial statements

Ranbaxy Pharmaceuticals Canada Inc.
Statement of Cash Flows
For the period ended March 31, 2015

	2015 **(12 months)**	2014 (15 months)
Cash provided by (used for) the following activities		
Operating activities		
Net loss	**(6,285,060)**	(5,051,236)
Amortization	**61,438**	85,542
Future income taxes	**530,058**	105,425
	(5,693,564)	(4,860,269)
Changes in working capital accounts		
Accounts and other receivables	**625,850**	3,014,859
Inventories	**560,722**	6,468,072
Prepaid expenses and deposits	**291,594**	86,222
Income taxes recoverable	**2,551,461**	(1,115,078)
Accounts payable and accrued liabilities	**1,652,805**	(7,046,228)
	(11,132)	(3,452,422)
Investing activities		
Purchases of property and equipment	**(30,849)**	(63,575)
Increase in cash and cash equivalents	**(41,981)**	(3,515,997)
Cash and cash equivalents, beginning of period	**1,547,356**	5,063,353
Cash and cash equivalents, end of period	**1,505,375**	1,547,356

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

Ranbaxy Pharmaceuticals Canada Inc. (the "Company") was incorporated under the laws of the Province of Ontario on December 12, 2002. It is ultimately a wholly owned subsididary of Sun Pharmaceutical Industries (the "Parent"). The Company's main activity is marketing and distributing pharmaceutical products.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Cash and cash equivalents and Short Term Invesments

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Short term investments consist of investments with maturity greater than 90 days.

Revenue recognition

Revenue from the sale of products is recognized when significant risk and rewards in respect to ownership of the products have been passed to the customer, and when the following criteria have been met:

- persuasive evidence of an arrangement exists;
- the price is fixed and determinable; and
- collectibility is reasonably assured

Allowances for sales discounts and estimates for charge-backs are recorded net of revenue as customer rebates.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a moving average basis. Net realizable value is determined on a basis of estimated selling prices, less costs necessary to make the sale. When circumstances which previously caused inventories to be written down below cost no longer exist, the previous impairment is reversed.

Property and equipment

Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	**Rate**
Furniture and fixtures	straight-line	5-10 years
Office equipment	straight-line	3-10 years
Machinery and equipment	straight-line	5-10 years

Impairment of long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in net loss for the year.

2. Significant accounting policies *(Continued from previous page)*

Income taxes

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the functional currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net loss for the current period.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of property and equipment. Accounts payable and accrued liabilities include certain estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net loss in the year in which they become known. Actual results could differ from these estimates.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 *Related Party Transactions*.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

The Company subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payment in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year net loss.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net loss in the year the reversal occurs.

3. Short term investments

Short term investments consist of a GIC which is redeemable on May 28, 2017. The GIC bears an interest rate of 2%.

4. Inventories

	2015	*2014*
Finished goods	**27,899,041**	23,947,840
Inventory obsolescence	**(8,339,737)**	(3,827,814)
	19,559,304	20,120,026

The cost of inventories recognized as an expense and included in cost of sales was $38,454,134 (2013 – $57,211,530).

5. Property, and equipment

	Cost	***Accumulated amortization***	***2015 Net book value***	*2014 Net book value*
Furniture and fixtures	**310,144**	**276,462**	**33,682**	67,538
Office equipment	**517,078**	**447,873**	**69,205**	65,937
Machinery and equipment	**128,607**	**128,607**	**-**	-
	955,829	**852,942**	**102,887**	133,475

6. Share capital

	2015	*2014*
Authorized: unlimited common shares		
Issued and outstanding		
2,250,100 Common shares	**2,250,100**	2,250,100

7. Employee future benefits

The Company participates in a registered savings plan covering substantially all eligible employees. The plan allows for employees to contribute up to 18% of their annual earnings to the plan subject to the statutory limits imposed by the tax authorities. The Company makes optional contributions of up to 4.5% of the annual earnings of the employees. After two years of service, the employees are fully vested with their share of the Company's contributions.

Contributions expensed by the Company during the year were $122,125 (2013 - $117,821).

8. Related party transactions

Included in accounts payable for the current period is $2,295,828 (2013 - $1,887,254) owed to the Parent and $4,854,457 (2013 - $6,026,474) owed to a subsidiary of the Parent.

Included in cost of sales for the current year are $18,086,028 (2013 - $17,478,772) in purchases from the Parent and $3,126,257 (2013 - $6,646,189) from a subsidiary of the Parent.

Included in sales for the current period are $24,991 (2013 - $50,929) in sample sales to the Parent.

Included in selling, general and administrative expenses for the current period are $1,968,823 (2013 - $1,851,225) in management and service fees paid to a subsidiary of the Parent.

These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Income taxes

Future income taxes represent the future benefits of temporary differences between tax and accounting bases of assets and liabilities consisting of:

	March 31 2015	*March 31 2014*
Future income taxes - current:		
Reserves on accounts receivable not deductible for income taxes	**513,091**	517,125
Future income taxes - long term:		
Excess of carrying vaue over tax basis of property and equipment	**10,136**	9,850
Carried forward losses	**1,518,928**	-
	1,529,064	9,850
Total	**2,042,155**	526,975
Valuation Allowance	**(2,042,155)**	**-**
	-	526,975

The Company has approximateily $5,731,000 operating losses available to be carried forward to future years. The Company has determined that it is more likely than not that these losses will be utilized in the carry forward period. Accordingly, the Company has taken a full valuation allowance and has not recorded future tax asset as at March 31, 2015.

10. Economic dependence

At March 31, 2014, three (2013 - three) customers account for approximately 71% (2013– 80%) of accounts receivable and three (2015 - three) customers account for approximately 70% (2013– 75%) of gross sales during the period. Two of these companies are warehouse distributors who sell to the ultimate customers.

Inventory purchases from related parties accounted for 54% (2013 - 39%) of the purchases for the 12 month period ended March 31, 2015. Approximately 30% (2013 - 27%) of accounts payable at year end are owing to the parent company and commonly controlled subsidiaries. The Company's operations depend on purchases from the related party group.

11. Commitments and contingencies

The Company, along with other related parties, has been named as defendant in two separate product-related class action lawsuits. These lawsuits remain at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these lawsuits or to estimate the loss, if any, which may result. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the Company's financial position or results of operations.

The Company has entered into a lease agreement with respect to its premises, expiring December 31, 2015. Estimated minimum rental payments, exclusive of occupancy costs are as follows:

2016	316,292
	316,292

12. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into purchase transactions denominated in Indian Rupees (INR) and United States Dollars (USD) currencies for which the related expense and accounts payable balances are subject to exchange rate fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Cash and cash equivalents and accounts payable held in United States dollars as at year end in equivalent Canadian dollars are as follows:

	2015	*2014*
	CAD$	*CAD$*
Cash	**732,981**	351,914
Accounts payable	**7,141,285**	7,913,728

Credit concentration

As at March 31, 2015, three customers (2013 - three) accounted for 70% (2013 - 75%) of revenues from operations and three customers (2013 - three) accounted for 71% (2013 - 80%) of the accounts receivable. Credit risk is minimized by having large and stable customers. The Company believes that there is no unusual exposure associated with the collection of these receivables. The Company performs regular credit assessments of its customers and limits credit extended when deemed necessary.

13. Capital management

The Company is a wholly owned subsidiary and manages its capital to maintain sufficient capital resources for operations and the requirements of its parent company. The capital structure of the Company consists of cash and cash equivalents, issued share capital and retained earnings. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from prior year.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.