

**Report of the statutory auditor
on the limited statutory examination**

with financial statements as of **31 March 2016** of

Dishman Pharma Solutions Ltd, Bubendorf

To the General Meeting of

Dishman Pharma Solutions Ltd, Bubendorf

Aarau, 24 June 2016

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement, cash flow statement and notes) of Dishman Pharma Solutions Ltd, Bubendorf, for the year ended 31 March 2016. The limited statutory examination of the prior period financial statements was carried out by another statutory auditor who expressed an unmodified statement on those financial statements on 12 June 2015.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd



Jürg Zürcher
Licensed audit expert
(Auditor in charge)



Kaspar Streiff
Licensed audit expert

Enclosures

- ▶ Financial statements (balance sheet, income statement, cash flow statement and notes)
- ▶ Proposed appropriation of available earnings

DISHMAN PHARMA SOLUTIONS AG, Bubendorf

31 March 2016
CHF

31 March 2015
CHF

BALANCE SHEET AS OF 31 MARCH 2016 AND 31 MARCH 2015

ASSETS

Cash and cash equivalents	12'077	6'709
Other short-term receivables	277'152	26'030
<i>from group companies</i>	277'152	26'030
Prepaid expenses and accrued income	309'888	121'595
Total current assets	599'117	154'335
Investments in subsidiaries	103'007'108	91'007'108
Intangible assets	23'989	35'989
Total non-current assets	103'031'097	91'043'097
TOTAL ASSETS	103'630'213	91'197'431

LIABILITIES AND SHAREHOLDERS' EQUITY

Short-term interest-bearing liabilities	12'623'895	21'002'883
<i>due to third parties</i>	408'468	7'559'240
<i>due to group companies</i>	12'215'427	13'443'643
Other short-term liabilities	14'259	-
<i>due to third parties</i>	14'259	-
Accrued expenses and deferred income	208'947	268'126
<i>Other accrued expenses</i>	208'947	268'126
Total current liabilities	12'847'101	21'271'009
Long-term interest-bearing liabilities	21'807'083	1'889'800
<i>due to third parties</i>	16'977'433	1'889'800
<i>due to group companies</i>	4'829'650	0
Total non-current liabilities	21'807'083	1'889'800
Share capital	28'000'000	28'000'000
Legal retained earnings	2'495'000	2'345'000
Voluntary retained earnings	34'741'622	34'715'991
Net profit for the year	3'739'407	2'975'631
Total shareholders' equity	68'976'030	68'036'622
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	103'630'213	91'197'431

DISHMAN PHARMA SOLUTIONS AG, Bubendorf

1 April 2015
31 March 2016
CHF

1 April 2014
31 March 2015
CHF

INCOME STATEMENT FOR FY 2015/16 AND 2014/15

Income from dividends	5'000'000	4'500'000
Income from licences and trademarks	668'590	632'042
Total income	5'668'590	5'132'042
Amortization of intangible assets	12'000	24'000
Office and administration expenses	146'978	821'984
Capital tax	8'328	44'836
Total expenses	167'306	890'821
Financial income	10'013	12'386
Financial expenses	-1'690'401	-1'285'182
Profit before taxes	3'820'896	2'968'426
Income taxes	81'489	-7'206
Net profit for the year	3'739'407	2'975'631

CASH FLOW STATEMENT FOR FY 2015/16**Cash flows from operating activities**

Net profit for the year	3'739'407
Amortisation of intangible assets	12'000
Change in other short-term receivables	-251'122
Change in prepaid expenses and accrued income	-188'293
Change in other short-term liabilities	14'259
Change in accrued expenses and deferred income	-59'178

Total cash flows from operating activities	3'267'073
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Cash flows from investing activities

Investments in subsidiaries	-12'000'000
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Total cash flows from investing activities	-12'000'000
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Cash flows from financing activities

Cash inflows / (cash outflows) from short-term interest-bearing liabilities	-8'378'988
Cash inflows / (cash outflows) from long-term interest-bearing liabilities	19'917'283
Distribution of profits to shareholders	-2'800'000

Total cash flows from financing activities	8'738'294
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Increase in cash and cash equivalents	5'368
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Cash and cash equivalents at beginning of period	6'709
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Cash and cash equivalents at end of period	12'077
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Notes to the 2015/16 financial statements

1 Applied principles

Applied accounting law

These financial statements were prepared according to the Swiss Law on Accounting and Financial Reporting (32th title of the Swiss Code of Obligations) for the first time. In order to ensure the comparability, the previous year's data in the balance sheet and income statement has been adjusted to comply with the new presentation requirements. Significant valuation principles have been applied in the preparation of these financial statements which are not prescribed by law are described below. In accordance with transitional rules on the first-time adoption, prior-year figures of the cash flow statement have been dispensed.

Valuation principles

Assets are valued at cost. Liabilities are recorded at nominal value.

All assets and liabilities in foreign currencies are translated by applying the exchange rate prevailing on the balance sheet date. Exchange rate differences are recognized in profit and loss.

Earnings and expenses originating in foreign currencies are translated at the exchange rate prevailing on the respective transaction dates.

The financial statements require estimates and judgments by the board of directors, which may affect the reported amounts of assets, liabilities and contingent liabilities at the closing date, as well as income and expenses during the reporting period. The board of directors thereby decides in its own discretion on the use of existing legal valuation and accounting leeway. To ensure the continued prosperity of the company within the prudence principle it is possible that higher depreciation, allowances and accruals than operationally necessary might be recorded.

These financial statements were created under the historical cost principle and the board of directors believes that the company will continue to operate in the foreseeable future. In the presentation of prior year information, the same principles have been applied.

Intangible assets

The intangible assets are depreciated over the useful life of the intangible assets or for a maximum of 20 years.

2 Assets pledged to secure own liabilities, as well as assets with retention of title

As per 31 March 2015 the pledged assets (100% shares in CARBOGEN AMCIS AG) amounted to CHF 89'540'648 (collaterals to serve as security for the outstanding loan of CHF 9'449'040 as specified by the Loan Facility Agreement dated 29 March 2011).

As per 31 March 2016 no assets were pledged.

DISHMAN PHARMA SOLUTIONS AG, Bubendorf

Notes to the 2015/16 financial statements

3 Investments in subsidiaries (in CHF)

	2015/2016	2014/2015
CARBOGEN AMCIS AG, Bubendorf (CH)		
<i>Pharmaceutical Industry: Development and commercialization services for active pharmaceutical ingredients (API's)</i>		
<i>Book value</i>	89'540'648	89'540'648
<i>Share in capital and voting rights</i>	100%	100%
CARBOGEN AMCIS SAS, Riom (FR)		
<i>Pharmaceutical Industry: Form, Fill & Finish for parenteral products</i>		
<i>Book value</i>	1'466'460	1'466'460
<i>Share in capital and voting rights</i>	100%	100%
CARBOGEN AMCIS Ltd., Manchester (UK)		
<i>Pharmaceutical Industry: Development and commercialization services for active pharmaceutical ingredients (API's)</i>		
<i>Book value</i>	12'000'000	-
<i>Share in capital and voting rights</i>	100%	-
Total	103'007'108	91'007'108

4 Full-time equivalents

The average number of full-time positions during the reporting year, as well as the previous year, was below 10.

5 Audit fees

	2015/2016	2014/2015
Audit services	8'240	6'000
Other services	0	0
Total	8'240	6'000

6 Foreign currencies

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

Foreign currency	2015/2016 profit and loss statement	Balance sheet as at 31 March 2016
1 USD	0.976	0.961
1 EUR	1.075	1.094
1 GBP	1.465	1.380

The exchange rates used for balance sheet items are the rates prevailing on March 31; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are average rates for the 2015/2016 financial year.

DISHMAN PHARMA SOLUTIONS AG, Bubendorf

Proposed appropriation of retained earnings carried forward (in CHF)

The Board of Directors proposes the following appropriation of available earnings:

	31 March 2016	31 March 2015
Voluntary retained earnings (carried forward)	34'741'622	34'715'991
Net profit for the year	3'739'407	2'975'631
Total available earnings	38'481'030	37'691'622
Allocation to the legal retained earnings	-205'030	-150'000
Dividends distributed to shareholders	-976'000	-2'800'000
Carried forward	<u>37'300'000</u>	<u>34'741'622</u>