

LABORATOIRES NEGMA

Société par Actions Simplifiée Unipersonnelle au capital de 28.868.371 Euros

Siège social : 1 bis avenue Jean d'Alembert

78 990 ELANCOURT

RCS VERSAILLES B 410 102 008

Statutory auditor's report on the financial statements

For the year ended 31st, March 2018



2, rue Maurice Hartmann
92130 – Issy-Les-Moulineaux
Commissaire aux Comptes
Membre de la Compagnie Régionale de Versailles



2, rue Maurice Hartmann
92 130 – Issy-Les-Moulineaux

Laboratoires NEGMA S.A.S.U.

Head Office : 1 bis, avenue Jean d'Alembert – 78 990 ELANCOURT
Share Capital : € 28.868.371

Statutory Auditor's Report on the Financial Statements

For the year ended 31st March 2018 Exercise of 12 months

To the single-shareholder of LABORATOIRES NEGMA S.A.S.U.,

Opinion

In compliance with the engagement entrusted to us by your Single-Shareholder, we have audited the accompanying financial statements of LABORATOIRES NEGMA S.A.S.U for the year ended March 31st, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31st March 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from April 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

The « Intangible Assets note » of the « accounting rules and methods » in the note of financial statements sets out the modalities for the implementation of a impairment test in the case of intangible assets deemed illimited.

As part of our assessment of the accounting principles followed by your company, we examined the appropriateness of the accounting procedures specified above, the information provided in the notes of financial statements and we ensured their correct application.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Verification of the Management Report and of the Other Documents Provided to the Single-Shareholder

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the President and in the other documents provided to the Single-Shareholder with respect to the financial position and the financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Issy-Les-Moulineaux, June 13th, 2018

The Statutory Auditor

CERA

Daniel Buchoux



N° 11937*03

①

BALANCE SHEET - ASSETS

D.G.I. N° 2050

Formulaire obligatoire (article 53A
du Code général des impôts)

Company name : LABORATOIRES NEGMA

Duration of the tax year (in months) * : 12

Address : Buroplus 3, 1 bis Avenue Jean d'Alembert, 78990
ELANCOURT

Duration of the prior tax year * : 12

Company Reg No * : 410 102 008 00068

Tax return filed in €		31/03/2018			31/03/2017			
		Gross amount	Amortization & depreciation	Net amount	Net amount			
Uncalled subscribed capital (1)		(I) AA			0	0		
FIXED ASSETS *	INTANGIBLE ASSETS	Start-up costs*	AB	0	AC	0	0	
		Research & development costs*	CX	529 086	CQ	528 485	601	601
		Licences, patents and similar rights	AF	586 174	AG	522 160	64 014	18 329
		Goodwill (1)	AH	21 617 271	AI	9 476 000	12 141 271	12 141 271
		Other intangible assets	AJ	0	AK	0	0	0
		Cash advances & downpayments on intangible assets	AL	0	AM	0	0	0
	TANGIBLE ASSETS	Land	AN	0	AO	0	0	0
		Buildings	AP	0	AQ	0	0	0
		Plant & equipment	AR	34 540	AS	33 044	1 496	3 294
		Other tangible assets	AT	397 953	AU	288 744	109 209	135 065
		Assets under construction	AV	0	AW	0	0	0
		Cash advances & downpayments on tangible assets	AX	0	AY	0	0	0
	FINANCIAL ASSETS (2)	Shares held at equity value	CS	0	CT	0	0	0
		Other shares	CU	252 456	CV	252 456	0	240 711
		Receivables related to investments	BB	0	BC	0	0	0
		Other capitalized securities	BD	0	BE	0	0	0
		Loans	BF	23 952 991	BG	5 963 940,69	17 989 050	17 989 219
		Other financial assets*	BH	34 933	BI	0	34 933	42 616
	TOTAL (II)		BJ	47 405 403	BK	17 064 829	30 340 574	30 571 105
	CURRENT ASSETS	INVENTORY*	Raw materials & components	BL	973 114	BM	132 854	840 260
Work in progress (goods)			BN	0	BO	0	0	0
Work in progress (services)			BP	0	BQ	0	0	0
Semi-finished & finished products			BR	1 258 641	BS	85 279	1 173 362	592 315
Goods held for resale			BT	56 700	BU	0	56 700	0
Advances & downpayments to suppliers		BV	54	BW	0	54	3 188	
RECEIVABLES		Trade receivables and related accounts *(3)	BX	2 594 260	BY	1 099 548	1 494 711	1 324 806
		Other receivables (3)	BZ	8 033 409	CA	6 741 456	1 291 953	951 257
		Called subscribed capital, unpaid	CB	0	CC	0	0	0
MISCELLANEOUS		Investments (including own shares)	CD	116 011	CE	9 660	106 351	327 950
	Bank balances	CF	18 232	CG	0	18 232	1 221 904	
ADJUSTMENTS	Prepayments* (3) (E)	CH	98 693	CI	0	98 693	135 520	
	GRAND TOTAL (III)		CJ	13 149 113	CK	8 068 797	5 080 317	5 416 670
	Expenses amortized over more than one year *	(IV)	CW	0		0	0	
	Premium on bond redemption	(V)	CM	0		0	0	
	Conversion differences - assets*	(VI)	CN	0		0	0	
	TOTAL (I à VI)		CO	60 554 516	1A	25 133 626	35 420 890	35 987 775
Footnotes: (1) incl. lease agreements		(2) Less than 12 months	CP	(3) Over 12 months		8 687 465,52		
Ownership reservations:		assets:	Inventory:	Receivables:				



N° 11937*03

Formulaire obligatoire (article 53A du Code général des impôts)

②

BALANCE SHEET - LIABILITIES before distribution

D.G.I. N° 2051

Company name : LABORATOIRES NEGMA				31/03/2018	31/03/2017
EQUITY	Share capital (1)* (included paid up)	28 868 371	DA	28 868 371	28 868 371
	Share, fusion, ... premiums		DB	0	0
	Acquisition differential (2)* (including equity differential)	EK	DC	0	0
	Legal reserve (3)		DD	2 886 837	2 886 837
	Statutory & contractual reserves		DE	0	0
	Regulatory reserves (3)* (incl. foreign currency translation reserve)	B1	DF	0	0
	Other reserves (incl. reserve on purchase of works of art from live artists)*	EJ	DG	0	0
	Retained earnings / losses		DH	115 556	113 940
	Net income or loss		DI	723 671	1 574 202
	Investment subsidies		DJ	0	0
	Regulatory provisions*		DK	0	0
		TOTAL (I)	DL	32 594 436	33 443 351
OTHER EQUITY	Proceeds from issue of equity securities		DM	0	0
	Conditional advances		DN	0	0
	TOTAL (II)	DO	0	0	
PROVISIONS	Short-term provisions		DP	0	0
	Long-term provisions		DQ	109 880	109 184
	TOTAL (III)	DR	109 880	109 184	
PAYABLES (4)	Convertible bond loans		DS	0	0
	Other bond loans		DT	0	0
	Borrowings from financial institutions (5)		DU	950	1 000
	Borrowings from other sources (including borrowings secured by shares)	EI	DV	0	0
	Advances and downpayments collected on orders		DW	0	0
	Trade payables and related accounts		DX	1 874 084	1 053 030
	Tax payable, payroll and social contributions		DY	384 194	520 278
	Payables on fixed assets and related accounts		DZ	0	0
Other payables		EA	457 356	860 935	
ADJUST	Deferred income (4)		EB	0	0
	TOTAL (IV)	EC	2 716 594	2 435 243	
	Conversion differences - liabilities *	(V)	ED	0	0
	GRAND TOTAL (I à V)	EE	35 420 890	35 987 779	
FOOTNOTES	(1) Acquisition differential included in share capital		B		
	(2) including	Special Revaluation reserve (1959)	C		
		Non obligatory revaluation reserve	D		
		Revaluation reserve (1976)	E		
	(3) including long-term capital gains regulatory reserve *		EF		
(4) Payables and deferred income under 12 months		EG	2 716 594	2 435 243	
(5) including loans repayable on demand and overdrawn bank accounts		EH	950	1 000	



N° 10167*05

③

PROFIT & LOSS ACCOUNT

D.G.I.N° 2052

Formulaire obligatoire (article 53A du Code général des impôts)

Company name : LABORATOIRES NEGMA								
		31/03/2018						31/03/2017
		Domestic		export		Total		
REVENUE FROM OPERATIONS	Sales of goods held for resale*	FA	12 690	FB	0	FC	12 690	0
	Sale of finished goods*	FD	7 022 129	FE	209 023	FF	7 231 152	8 626 263
		FG	199 433	FH	34 800	FI	234 233	312 529
	Net sales*	FJ	7 234 252	FK	243 823	FL	7 478 075	8 938 792
	Stored production*					FM	618 616	-267 775
	Capitalized production*					FN	0	0
	Operating subsidies					FO	0	10 007
	Amortization & depreciation provisions reversal* (9)					FP	117 813	27 569
	Other proceeds (1) (11)					FQ	0	0
	TOTAL OPERATING GAINS (2) (I)						FR	8 214 504
OPERATING EXPENSES	Purchase of goods held for resale (including customs duties) *					FS	60 000	0
	Changes in inventory (goods held for resale)					FT	-56 700	0
	Purchase of raw materials and components (including excise duty) *					FU	2 105 313	1 670 854
	Changes in inventory (raw materials and components)*					FV	-92 649	102 161
	Other external purchases (3) (6bis)*					FW	3 360 090	3 039 438
	Taxes, contributions and related costs*					FX	161 979	190 798
	Payroll costs*					FY	579 811	649 046
	Social contributions (10)					FZ	245 250	293 343
	OPERATING PROVISIONS	- on fixed assets :	{	- amortization*		GA	37 029	40 939
		- depreciation *		GB	0	0		
		- on current assets : provisions		GC	199 998	81 831		
	- contingencies : provisions		GD	5 512	41 612			
	Other costs (12)					GE	713 517	734 066
TOTAL OPERATING EXPENSES (4) (II)						GF	7 319 151	6 844 090
1 - OPERATING INCOME (I - II)						GG	895 353	1 864 504
COMMON TRANSACTIONS	Attributed income or transferred loss *					GH	0	0
	Loss assumed or transferred income *					GI	0	0
FINANCIAL GAINS	Financial income from investments (5)					GJ	2 227	2 120
	Income from other investment securities (5)					GK	24 313	31 288
	Other interest and related income (5)					GL	0	8 790
	Accrual reversal and transfer charges					GM	1 247 942	1 088 484
	Profits on exchange rates					GN	0	0
	Net gains on sales of investment securities					GO	72 291	7 297
TOTAL FINANCIAL GAINS (V)						GP	1 346 773	1 137 979
FINANCIAL COSTS	Provisions for financial amortization and depreciation *					GQ	1 079 352	593 084
	Interests and related expenses (6)					GR	0	0
	Losses on exchange rates					GS	0	0
	Net loss on sales of investment securities					GT	4 792	10 209
TOTAL FINANCIAL COSTS (VI)						GU	1 084 144	603 292
2 - FINANCIAL RESULT (V - VI)						GV	262 629	534 686
3 - OPERATING PROFIT BEFORE TAX (I-II-III-IV +V - VI)						GW	1 157 983	2 399 190



N° 10947*03

④

PROFIT AND LOSS ACCOUNT (continued)

D.G.I. N° 2053

Formulaire obligatoire (article 53A
du Code général des impôts).

Company name : LABORATOIRES NEGMA				31/03/18	31/03/2017
EXCEPTIONAL GAINS	Exceptional operating gains	HA		91 213	260 313
	Exceptional capital gains *	HB		0	244 055
	Accrual reversal and transfer charges	HC		0	4 300
	TOTAL EXCEPTIONAL GAINS (7) (VII)	HD		91 213	508 669
EXCEPTIONAL LOSSES	Exceptional operating losses (6bis)	HE		44 717	229 692
	Exceptional capital losses *	HF	0		244 030
	Exceptional amortization and depreciation	HG	0		0
	TOTAL EXCEPTIONAL LOSSES (7) (VIII)	HH		44 717	473 723
4 - EXCEPTIONAL INCOME OR LOSS (VII - VIII)			HI	46 496	34 946
Employee profit sharing scheme			HJ	0	0
Corporate tax *			HK	480 807	859 935
TOTAL INCOME (I+III+V+VII)			HL	9 652 490	10 355 240
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)			HM	8 928 819	8 781 039
5 - Profit or loss (Total income - total expenses)			HN	723 671	1 574 201
FOOTNOTES	(1) including net partial gains on long-term capital gains	HO			
	(2) real-estate rent	HY			
	(2) operating gains related to prior years (break-up required in (8) below)	IG		2 074	567
	(3) - equipment on lease *	HP			
	(3) - buildings on lease	HQ			
	(4) incl. operating losses related to prior years (8)	IH		41 785	16 368
	(5) incl. Income from related parties	IJ		24 313	31 288
	(6) incl. interests from related parties	K			
	(6bis) incl. Donations to charitable causes (art. 238 bis du C.G.I.)	HX		1 140	1 800
	(9) incl. Transfer charges	A1		11 500	
	(10) incl. Personal contributions of the manager (13)	A2			
	(11) incl. Royalties on licences and patents (proceeds)	A3			
	(12) incl. Royalties on licences and patents (expenses)	A4		710 983	734 024
(13) incl. non compulsory additional contributions	A6				
		compulsory	A9		
(7) Break-up of exceptional gains & loss				Current year	
				Exceptional loss	Exceptional gain
Reversal of tax risk accrual					83 328
Refund of APH+PM destroyed by CMO					7 130
Miscellaneous payment differences				17	21
Reimbursement of expired meal vouchers					62
Proceed from litigation					508
(8) Break-up of gains and losses related to prio years :				Current year	
				Prior year losses	Prior year gains
Product batch stabilites				38 045	
Press publications				2 900	
Supply chain				147	
Haulage on sales				195	
Professional membership fees				498	

PRELIMINARY NOTES

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

The enclosed appendix is an integral part of the annual financial report: it includes pieces of information additional to the balance sheet and profit & loss account, in order to provide a true and fair view of the company's assets, financial situation and results.

The pieces of information that are not required to be disclosed by law are only mentioned if they are significant.

As at the 31st March 2018, the total of the balance sheet, prior to allocation of the current year's result, amounts to 35 420 890,46 € .

The Income Statement reports a total revenue of 9 652 490,00 € and a net income of 723 671,47 €.

The financial year started on 1st April 2017 and closed on 31st march 2018 (12 months).

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

MAIN PRINCIPLES

During the financial year 01.04.17 – 31.03.18, the financial statements have been prepared in accordance with the accounting rules and regulations and in respect of the prudence principle, following the basic assumptions of:

- On-going business
- Continuity of methods
- Independence of financial years

And in accordance with the general rules of preparation and presentation of annual financial statements, based on ANC regulation N° 2016-07 dated 26/12/2016 pertaining to the General Chart of Accounts and on rules dictated by the Committee of Accounting Regulation (CRC) .

VALUATION METHODS

The method used for valuation of assets and liabilities is the historical costs method.

For the year ending 31.03.2018, the company applies the recommendations CRC 2002-10 and 2003-07 pertaining to amortization and depreciation, together with recommendation CRC 2004-6 specific to the definition, accounting and valuation of assets.

The main methods of valuation described below have been used.

FIXED ASSETS

1. Intangible fixed assets

a) Valuation methods

The intangible fixed assets acquired and accounted for as assets meet the criteria of a probable flow of future economic benefits for the company and of a reliable basis for estimation of its value.

The brands held as an asset in the balance sheet have been acquired from a third-party whereas internally generated brands are not recorded as an asset.

The assets acquired against cash are accounted for at their purchase cost, including purchase price (inclusive of non-recoverable customs and excise), commercial discounts and early settlement rebates, as well as all the costs directly traceable to ready the asset for its intended purpose.

Internally generated assets are accounted for at their production costs including all expenses directly traceable and necessary to its creation, the production and readying of the asset to enable it to function as intended by Management.

The financial charges incurred for the purchase or production of an intangible fixed -asset are not included in the book value of the asset.

Registration duties, fees, commissions or cost of deeds on an intangible fixed- asset are not included in the acquisition cost of the asset.

The internally generated goodwill was valued, back in 2001 (when the Group of companies was established) at 32 014 293 €. In 2007 this amount was reduced by 10 397 023€, being the estimated goodwill of the entities not acquired by the current shareholders. The remaining value of internally generated goodwill comes to 21 617 270€.

Since 2013, an annual impairment test has been carried out to compare its book value with the recoverable value based on future cash flow projections for the products that make up the goodwill of the entity – mostly ART 50 and the diacerin based product destined to replace it. Subsequently the asset has been depreciated for a cumulative amount of 9 476 000 € - bringing the remaining book value to 12 141 271 €. That value was in line with expected future cash-flows as estimated on 31/03/2017.

In accordance to the new ANC regulation 2015-06 dated 23rd November 2015, officially recognized by a decree dated 4th December 2015, a new impairment test was carried out on 31st March 2018. It did not highlight, based on information available for forecasts, a new decrease in the recoverable amount. Consequently, no further depreciation was booked in the current financial year, keeping the book value at 12 141 271 €. To implement the new regulation, a further analysis of the goodwill was carried out as a result of which the life-expectancy of the goodwill was deemed illimited.

b) Amortization and depreciation methods

The amortization of an assets is the systematic reduction in the books of its value to reflect its depletion due to usage or obsolescence. The usage is measured by way of depletion of the financial benefits expected to be generated by the asset. We have considered, as main criteria, physical, technical and legal data and have consistently elected to apply the shortest schedule.

For instance, the following assets amortization schedule is being applied :

- Softwares 12 to 24 months

The amortizable amount is equal to the gross value of the asset since the company hasn't identified any significant residual value.

The method of amortization reflects the pace at which the financial returns expected by the company from the asset are used up. The method of amortization is consistently applied to all assets sharing identical conditions of use. The linear method is applied for lack of a more suitable method. The accelerated method of depreciation is applied only when it reflects more accurately the depletion of expected financial returns.

Whenever all components of an asset are inseparably used, a common amortization schedule is applied for all the components of the asset. If, however, from the start of the asset's life, one or several components have diverging uses, each component is then accounted for individually and a separate amortization schedule is divided for each of the components.

2. Tangible fixed assets

a) Valuation methods

The assets acquired against cash are accounted for at their purchase cost, including purchase price (inclusive of non-recoverable customs and excise), commercial discounts and early settlement rebates, as well as all the costs directly traceable to ready the asset for its intended purpose. Are also included the estimation of the initial dismantling, haulage and rehabilitation of the site where the assets was once located.

Internally generated assets are accounted for at their production costs which includes the cost of acquiring the various ingredients consumed in the production process together with the other costs committed to the asset during its production process – direct or indirect costs that can be readily traced to the said good or service.

The main components of tangible assets that require regular replacement, have different purposes or result in financial benefits for the organization at a different pace and therefore require the use of different rates or methods of depreciation are accounted for separately from the start and at each replacement.

Registration duties, fees, commissions or cost of deeds on a tangible fixed asset are not included in the acquisition cost of the asset.

The financial charges incurred for the purchase or production of a tangible fixed asset are not included in the book value of the asset.

b) Amortization and depreciation methods

The amortization of an assets is the systematic reduction in the books of its value to reflect its depletion due to usage or obsolescence. The usage is measured by way of depletion of the financial benefits expected to be generated by the asset.

We have considered, as main criteria, physical, technical and legal data and have consistently elected to apply the shortest schedule.

For instance , the following assets amortization schedules are being applied :

- Plant and equipment 1 to 10 years
- Fixtures and fittings 1 to 10 years
- Office and information technology equipment 2 to 10 years

The amortizable amount is equal to the gross value of the asset since the company hasn't identified any significant residual value.

The method of amortization reflects the pace at which the financial returns expected by the company from the asset are used up. The method of amortization is consistently applied to all assets sharing identical conditions of use. The linear method is applied for lack of a more suitable method. The accelerated method of depreciation is applied only when it reflects more accurately the depletion of expected financial returns.

Whenever all components of an asset are inseparately used, a common amortization schedule is applied for all components of the asset. If, however, from the start of the asset's life, one or several components have diverging uses, each component is then accounted for individually and a separate amortization schedule is divided for each of the components.

3. Financial assets

The assets acquired against cash are accounted for at their purchase cost, including purchase price and all costs directly traceable to the asset.

At year end, the company assesses the actual value of its investments. The actual value is an estimation based on market values and on the usefulness of the item for the company – usefulness is defined by what the company would agree to pay out to acquire the asset if it needed to do so. The company books a provision for depreciation when, on an individual basis, the actual value of the asset is lower than the net book value of the asset displayed in the balance sheet.

INVENTORY

The company books as inventory the assets held for the purpose of being sold on in the course of its normal business, as well as work-in-progress intended for the same purpose and items intended for use in the production process (raw materials, excipients or packaging materials).

For exchangeable stock items, the cost of input stock is calculated for each item by using the FIFO method.

The inventory acquired against cash is accounted for at purchase cost, including purchase price (inclusive of non-recoverable customs and excise), commercial discounts and early settlement rebates, haulage and warehouse handling costs, as well as all the costs directly traceable to the finished products, raw materials or packaging materials.

Are also included the purchase, transformation and other costs incurred to bring the stock to the condition, place and state it is in.

Provisions for depreciation :

Whenever a raw material, packaging material, work-in-progress, finished good or good held for resale is not deemed fit for use or fit for sale, provisions for depreciation are booked for such items.

PREPAYMENTS, RECEIVABLES AND DEBTS

Accounts receivables and payables are valued at their face value.

Whenever an account receivable is deemed doubtful, a provision for depreciation is booked. The depreciations are booked on an individual basis, taking into account the likelihood of each account being settled by the debtor.

Account receivables and payables held in a foreign currency are valued at the exchange rate applicable on 31.03.2018. Any exchange rates differences identified are accounted for as translation assets or liabilities.

A provision for exchange rate loss gets booked for the equivalent value of the translation asset identified.

CUSTOMERS

Trade receivables in the form of bills of exchange are worth 703 471,68 € as at 31.03.2018.

Trade receivables are scrutinised on an individual basis in order to assess any doubtful debt at year-end. Whenever a risk of non-payment is recognized, a provision for doubtful debt is booked.

SECURITY INVESTMENTS

The gross value consists of the acquisition costs; incidental purchase expenses are excluded.

For the purpose of capital gains or losses calculation, the investments divested are evaluated using the FIFO method.

For the purpose of financial depreciation, the investments are valued at their market rate applicable at year-end.

AVAILABLE CASH

Available cash in bank is evaluated at its face value.

EMPLOYMENT INCENTIVE TAX CREDIT (CICE)

The CICE tax credit comes to 14 638,00 € for the current financial year and will contribute to increase the working capital of the entity. The credit was booked as a reduction of social contributions.

RESEARCH AND DEVELOPMENT

The overall R&D expenses booked in the financial year amounts to 147 508,98 €.

PROVISIONS

A liability is a present obligation to a third-party arising from past transactions or events, the settlement of which may result in the outflow or use of resources from the company, most likely not accompanied by an inflow of equivalent benefits for the entity

- **Accrued liability** : a liability that is part of the company's definitely determinable debt, since it is both known to exist and can be measured precisely. The payment deadline is also usually known. The whole of the accrued liabilities at the end of the financial year are booked in the current liabilities in the balance sheet and in their respective cost objects in the profit & loss account.
- **Other liability**: a liability that reflects a probable (but not certain) obligation to pay out an amount that is not precisely measurable. The uncertain liability is booked in the balance sheet under risk accruals and in the profit & loss under exceptional items.
- **Contingent liabilities**: liabilities that may be incurred by the entity depending on the outcome of a uncertain or unlikely future event such as a court case. These liabilities are not recorded in a company's accounts nor shown in the balance sheet. A footnote to the balance sheet describes the nature and extent of the contingent liabilities.

The company LABORATOIRES NEGMA is involved, in particular, in disputes pertaining to employment law and commercial matters. The risk accruals related to these disputes and arbitrations are accounted for in compliance with current rules and regulations.

RETIREMENT ACCRUALS

The company uses the method recommended in PCG for the accounting of an accrual for retirement liabilities.

The accrual is calculated using an actuarial method that estimates the rights accumulated by the entire workforce according to the Pharmaceutical Industry's charter. The appended document provides the assumptions used, details the calculation and specifies the results' sensitivity to variations.

The calculation is carried out internally on a custom software. The accrual varied by 676 € in the financial year.

HIGHLIGHTS OF THE FINANCIAL YEAR

1. In the litigation opposing Laboratoires Negma and Selarl EMJ, despite a transactional protocol approved by judgement of the Versailles Tribunal of Commerce, an obstacle arose preventing the return to Negma of the amounts deposited in an escrow account managed by the Chairman on the Bar Association (worth 154 904.25€). By judgement dated 27th April 2017, the Court of Appeal of Paris designated the Paris High Court Judge as the appropriate authority to settle the argument ; both parties have been sent back to the Bar to plead the case on its substance. A new date of 31st May has been set for the hearing.
2. On 2nd November 2017, the Company distributed a dividend for an amount of one million five hundred and seventy-two thousands five hundred and eighty-five euros and thirty-nine cents (1 572 585.39 €) to its mother company WOCKHARDT HOLDINGS FRANCE as per the decision of the Board Meeting held on 29th June 2017 .The total dividend distributed for each of the 275 409 shares was worth five euros and seventy one cents (5,71 €) per share.
3. In February 2018, as part of a temporary import licence granted by the French health authorities (ANSM), the company launched a product called Hyalase, dedicated to health practionners and healthcare facilities specialized in dermatology and plastic surgery.

POST YEAR-END EVENTS

There are no post year-end events to report.

FUTURE PROSPECTS

As the financial year generated a benefit, the Company is considering making substantial promotional investments on its products ART 50 and VEINAMITOL. In addition, the launch of products dedicated to the hospital-care segment is under way and should contribute to improve the sales prospects by 2020.

GOING CONCERN

The principle of going-concern applied to the financial statements as at 31st March 2018 is based on the above mentioned prospects and P&L and cash flow forecasts for the next 12 months produced on 31/03/18.

We didn't come across any data that would undermine the assumptions upon which the cash flow forecasts were initially calculated.



N° 10169*05

⑤

FIXED ASSETS

D.G.I. N° 2054

Formulaire obligatoire (article 53A du Code général des impôts).

Company name : LABORATOIRES NEGMA

SECTION A		FIXED ASSETS		Gross amount at start of year		Increases			
						Following revaluation during the year		Purchases, manufacturing donation or	
INTANGIBLE	Start-up & research & development costs	TOTAL I	CZ	529 086	DB		D9		
	Other intangible assets	TOTAL II	KD	22 152 696	KE		KF	50 748	
TANGIBLE	Land		KG	0	KH		KI		
	Buildings	On own land	KJ	0	KK		KL		
		On third-party land	KM	0	KN		KO		
		General fixtures and fittings*	KP	0	KQ		KR		
	Plant & equipment		KS	34 540	KT		KU		
	Other tangible assets	General fixtures and fittings*	KV	161 199	KW		KX		
		Haulage equipment	KY	0	KZ		LA		
		Office equipment (IT + furniture)	LB	233 374	LC		LD	4 312	
		Recoverable packaging and others	LE	0	LF		LG		
	Tangible assets under construction		LH	0	LI		LJ		
Cash advances and downpayments		LK	0	LL		LM			
	TOTAL III	LN	429 113	LO	0	LP	4 312		
FINANCIAL	Shares held at equity value			0					
	Other shares			252 456					
	Other capitalized securities			0					
	Loans and other financial assets			24 680 625					
		TOTAL IV	LQ	24 933 080	LR	0	LS	0	
GRAND TOTAL (I + II + III + IV)			OG	48 043 976	OH	0	OJ	55 060	
SECTION B		FIXED ASSETS		Decreases		Gross amount at year end		Legal revaluation and usefulness revaluation Start value of asset at year end	
				by transfer	By sale, scraping or revaluation				
INTANGIBLE	Start-up & research & development costs	TOTAL I	LT		LU	529 086			
	Other intangible assets	TOTAL II	LV		LW	22 203 444			
TANGIBLE	Land		LX		LY	0	LZ		
	Buildings	On own land	MA		MB	0	MC		
		On third-party land	MD		ME	0	MF		
		General fixtures and fittings*	MG		MH	0	MI		
	Plant & equipment		MJ		MK	34 540	ML		
	Other tangible assets	General fixtures and fittings*	MM		MN	161 199	MO		
		Haulage equipment	MP		MQ	0	MR		
		Office equipment (IT + furniture)	MS	932	MT	236 754	MU		
		Recoverable packaging and others	MV		MW	0	MX		
	Tangible assets under construction	MY		MZ		NA	0	NB	
Cash advances and downpayments	NC		ND		NE	0	NF		
	TOTAL III	0	NG	932	NH	432 492	NI	0	
FINANCIAL	Shares held at equity value					0			
	Other shares					252 456			
	Other capitalized securities					0			
	Loans and other financial assets			692 701		23 987 924			
		TOTAL IV	0	NJ	692 701	NK	24 240 379		0
GRAND TOTAL (I + II + III + IV)			0	OK	693 633	OL	47 405 403	OM	0



N° 10172*05

Formulaire obligatoire (article 53A du Code général des impôts).

⑥

AMORTIZATION

D.G.I. N° 2055

Company name : LABORATOIRES NEGMA

SECTION A		BALANCES AND TRANSACTIONS OF THE YEAR*									
AMORTIZABLE ASSETS		Accumulated depreciation at start of period		Increases : period amortization		Decreases : reversal and amortizations on assets removed during the period		Accumulated depreciation at period end			
Start-up & research & development costs		TOTAL I	CY	528 485	PB		FC		PD	528 485	
Other intangible assets		TOTAL II	PE	517 097	PF	5 063	PG	0	PH	522 160	
Land			PI	0	PJ		PK		PL	0	
	On own land		PM	0	PN		PO		PQ	0	
Buildings	On third-party land		PR	0	PS		PT		PU	0	
	General fixtures and fittings*		PV	0	PW		PX		PY	0	
Plant & equipment			PZ	31 246	QA	1 798	QB		QC	33 044	
Other tangible assets	General fixtures and fittings*		QD	61 997	QE	15 872	QF		QG	77 869	
	Haulage equipment		QH	0	QI		QJ		QK	0	
	Office equipment (IT + furniture)		QL	197 511	QM	14 297	QN	932	QO	210 875	
	Recoverable packaging and others		QP	0	QR		QS		QT	0	
TOTAL III			QU	290 754	QV	31 966	QW	932	QX	321 788	
GRAND TOTAL (I + II + III)			ON	1 336 336	OP	37 029	OQ	932	OR	1 372 433	
SECTION B		BREAK-UP OF AMORTIZATION TRANSACTIONS IN THE PERIOD						SECTION C		TRANSACTIONS IMPACTING THE ACCELERATED AMORTIZATION	
AMORTIZABLE ASSETS		Straight-line amortization		Accelerated amortization		Exceptional amortization		Provisions		Reversals	
Start-up & research & development costs		QY		2J		2K		2L		2M	
TOTAL I											
Intang. assets		QZ		2N		2P		2R		2S	
TOTAL II											
Land		RA		RB		RC		2T		2U	
Buildings	On own land	RD		RE		RF		2V		2W	
	On third-party land	RG		RH		RI		2X		2Y	
	General fixtures and fittings*	RJ		RK		RL		2Z		3A	
Plant & equipment		RM		RN		RO		3B		3C	
Other tangible assets	General fixtures and fittings*	RP		RQ		RR		3D		3E	
	Haulage equipment	RS		RT		RU		3		3G	
	Office equipment (IT + furniture)	RV		RW		RX		3H		3J	
	Recoverable packaging and others	RY		RZ		SA		3K		3L	
TOTAL III		SB	0	SC	0	SD	0	SE	0	SF	0
GRAND TOTAL (I + II + III)		SG	0	SH	0	SJ	0	SK	0	SL	0
SECTION D		TRANSACTIONS IN THE PERIOD IMPACTING EXPENSES AMORTIZED OVER MORE THAN 1 YEAR *									
		Net amount at start of period		Increases		Provisions in the period		Net amount at end of period			
Expenses amortized over more than 1 year						SM		SN	0		
Premiums on security refunds						SP		SR	0		

Company name : LABORATOIRES NEGMA

Provisions by type		Opening balance		INCREASES Period allocations		REDUCTIONS Period Reversals		Closing balance		
Regulatory provisions	Provision for depletion of mining or oil-fields	3T	0	TA	0	TB	0	TC	0	
	Provisions for investments (art. 237 bis A-II)	3U	0	TD	0	TE	0	TF	0	
	Provisions for price increases (1)	3V	0	TG	0	TH	0	TI	0	
	Accelerated depreciation	3W	0	TJ	0	TK	0	TL	0	
	Provisions for market fluctuation	3X	0	TM	0	TN	0	TO	0	
	Incl. exceptional mark-up of 30%	D3		D4		D5		D6	0	
	Tax provisions for international set-up costs prior to 11/92	IA	0	B	0	IC	0	ID	0	
	Tax provisions for international set-up costs post 11/92	IE	0	F	0	IG	0	IH	0	
	Provisions for set-up loans (art. 39 quinquies H du CGI)	IJ	0	K	0	IL	0	IM	0	
	Other regulatory provisions (1)	3Y	0	TP	0	TQ	0	TR	0	
	TOTAL I	3Z	0	TS	0	TT	0	TU	0	
Contingency provisions	Provisions for disputes & litigation	4A	0	4B	0	4C	0	4D	0	
	Provision for guarantee granted to customers	4E	0	4	0	4G	0	4H	0	
	Provision for losses on futures markets	4J	0	4K	0	4L	0	4M	0	
	Provision for fines and penalties	4N	0	4P	0	4R	0	4S	0	
	Provision for exchange rate losses	4T	0	4U	0	4V	0	4W	0	
	Provision for retirement and related liabilities	4X	109 184	4Y	5 512	4Z	4 836	5A	109 860	
	Provision for taxation (1)	5B	0	5C	0	5D	0	5E	0	
	Provision for renewal of fixed assets *	5	0	5H	0	5J	0	5K	0	
	Provision for major repair works	5L	0	5M	0	5N	0	5P	0	
	Provision for social & tax contributions on holiday pay *	5R	0	5S	0	5T	0	5U	0	
	Other contingency provisions (1)	5V	0	5W	0	5X	0	5Y	0	
TOTAL II	5Z	109 184	TV	5 512	TW	4 836	TX	109 860		
Depreciation provisions	on fixed assets	- intangible	6A	9 476 000	6B	0	6C	0	6D	9 476 000
		- tangible	6E	0	6	0	6G	0	6H	0
		- shares at equity value	O2	0	O3	0	O4	0	O5	0
		- other shares	9U	11 745	9V	240 711	9W	0	9X	252 456
		- other financial assets	06	6 648 789	07	0	08	684 849	09	5 963 941
	On inventory and work-in-progress	6N	75 769	6P	190 069	6R	47 705	6S	218 133	
	On trade receivables	6T	1 085 190	6U	68 130	6V	53 771	6W	1 099 548	
	Other provisions for depreciation (1)	6X	6 533 768	6Y	780 441	6Z	563 093	7A	6 751 116	
TOTAL III	7B	23 831 262	TY	1 279 350	TZ	1 349 419	UA	23 761 193		
GRAND TOTAL (I + II + III)		7C	23 940 445	UB	1 284 862	UC	1 354 255	UD	23 871 053	
incl. allocations & reversals		- operating	UE	205 510	UF	106 313				
		- financial	UG	1 079 352	UH	1 247 942				
		- exceptional	UJ		UK					
Shares held at equity value : amount of depreciation at year end as calculated following rules 39-15e du C.G.I.								10,00		
(1) break-up to be provided on a separate schedule according to nature of the provision										

BALANCE SHEET NOTES

Appendix 3

PROVISIONS

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

Details	Opening balance	Accrued during the financial year	Accruals reversed during the financial year		Closing balance
			Accruals used	Accruals not used	
Employee litigation	0 €	0 €	0 €	0 €	0 €
Retirement accruals	109 183 €	5 512 €	0 €	4 836 €	109 859 €
Other accruals for dispute with suppliers	0 €	0 €	0 €	0 €	0 €
TOTAL	109 183 €	5 512 €	0 €	4 836 €	109 859 €

BALANCE SHEET NOTES**Appendix 3****RETIREMENT ACCRUAL (Assumptions and calculations)**

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018**I. Assumptions**

1. Annual discount rate	1.40%
2. Annual salary increase rate	0.00%
3. Annual inflation rate	1.00%
4. Mortality rate matrix used	Table INSEE F 2004-2006
5. Staff turn-over by age bracket:	
From 18 to 39 years	m: 17,13% ; nm: 17,62%
From 40 to 49 years	m: 9,35% ; nm: 23,88%
From 50 to 59 years	m: 15,26% ; nm: 8,62%
Over 60 years	m: 15,26% ; nm: 8,62%
6. Retirement age	66 years

II. Expenses in year ending 31/03/2018

1. Cost of services rendered	2 956
2. Interest cost	888
3. Impact of discount rate variance	
Total costs	3 844

III. Variances in the provision throughout the year ending 31/03/2018

1. Opening balance as at 01/04/2017	109 184
2. Expenses detailed above	0
3. Impact of reductions	0
4. Accrual booked in the financial year	676
5. Closing balance as at 31/03/2018	109 860

IV. Accrual in balance sheet as at 31/03/19

1. Actual value of the commitment as at 31/03/2018	109 860
2. Amount accrued as at 31/03/2018	109 860

V. Sensitivity analysis

- 1% annual discount rate	113 014
+ 1% annual discount rate	106 985



N° 10950*03

8

**BREAK-UP OF RECEIVABLES AND PAYABLES
AT YEAR-END ***

D.G.I. N° 2057

Formulaire obligatoire (article 53A
du Code général des impôts)

Company name : LABORATOIRES NEGMA

SECTION A		BREAK-UP OF RECEIVABLES		Gross amount 1		A year or less 2		Over a year 3			
FIXED ASSETS	Receivables in connection with shares		UL		UM		UN				
	Loans (1) (2)		UP	23 952 990,99	UR	690 753,54	US	23 262 237,45			
	Other financial assets		UT	34 932,87	UV		UW	34 932,87			
CURRENT ASSETS	Bad and doubtful trade receivables		VA								
	Other trade receivables - considered good		LUX	2 594 259,62		1 476 464,98		1 117 794,64			
	Receivables related to shares on loan *		UO								
	Staff and related accounts		UY	500,00		500,00		0,00			
	Social security and other social welfare organizations		UZ	17,07		17,07					
	Treasury and other public authorities	Corporate tax	VM	0,00		0,00					
		VAT	VB	217 387,14		217 387,14					
		Other taxes, contributions and related costs *	VN	0,00		0,00					
		Miscellaneous	VP	0,00		0,00					
	Related parties (2)		VC	2 188 535,59		0,00		2 188 535,59			
	Miscellaneous receivables		VR	5 626 968,89		245 833,60		5 381 135,29			
	Prepayments		VS	98 693,13		98 693,13					
	TOTAL			VT	34 714 285,30	VU	2 729 649,46	VV	31 984 635,84		
FOOTNOTES	(1)	-Loans granted during the period		VD							
		- Reimbursements cashed in during the period		VE	684 848,77						
	(2)	Loans and advances to share-holders (individuals)		VF							
SECTION B		BREAK-UP OF PAYABLES		Gross amount (1)		A year or less (2)		1to 5 years (3)		Over 5 years (4)	
Convertible debenture loan (1)		7Y									
Other debenture loans (1)		7Z									
Borrowings and overdraft facilities from banks and financial institutions (1)	up to 1year originally	VG	950,00		950,00						
	over 1year originally	VH	0,00							0,00	
Miscellaneous borrowings and financial liabilities (1) (2)		8A	0,00								0,00
Trade payables and related accounts		8B	1 874 094,32		1 874 094,32						
Staff and related accounts		8C	123 520,36		123 520,36						
Social security and other social welfare organizations		8D	38 600,74		38 600,74						
Treasury and other public authorities	Corporate tax	8E									
	VAT	VW	174 748,39		174 748,39						
	Pledged bonds	VX									
	Other taxes, contributions and related costs	VQ	47 324,60		47 324,60						
Payables on fixed assets and related accounts		8J									
Related parties (2)		VI	454 056,00		454 056,00						
Miscellaneous payables		8K	3 300,00		3 300,00						
Payables related to shares borrowed *		SZ									
Deferred income		8L									
TOTAL			VY	2 716 594,41	VZ	2 716 594,41		0,00		0,00	
FOOTNOTES	(1)	Borrowings contracted during the period		VJ		(2)	Amount of the various borrowings & liabilities contracted from individuals		VL		
		Borrowings reimbursed during the period		VK							

PREPAYMENTS BREAK-UP

Appendix 3

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

Prepayments	Period		Amount		
			Operating	Financial	Exceptional
486000 PREPAYMENTS BREAK-UP			98 693		
. 275100 Security deposit	01/04/18	30/04/18	533		
. 613200 Office rent	01/04/18	30/06/18	32 936		
. 613500 Equipment rental	01/04/18	11/07/18	3 590		
. 613500 Equipment rental	01/04/18	31/12/19	5 403		
. 613500 Equipment rental	01/04/18	04/05/18	153		
. 614200 Office rates and service fees	01/04/18	30/06/18	7 842		
. 615500 Maintenance and repairs	01/04/18	31/12/18	6 869		
. 615500 Maintenance and repairs	01/04/18	11/05/18	757		
. 615500 Maintenance and repairs	01/04/18	31/07/18	507		
. 615500 Maintenance and repairs	01/04/18	20/06/18	1 178		
. 615500 Maintenance and repairs	01/04/18	14/06/18	143		
. 615600 IT maintenance	01/04/18	25/10/18	323		
. 615600 IT maintenance	01/04/18	31/12/18	319		
. 615600 IT maintenance	01/04/18	13/05/18	137		
. 615600 IT maintenance	01/04/18	31/01/19	217		
. 616100/ 616320 / 616330 Insurances	01/04/18	31/12/18	1 092		
. 618300 Technical documentation	01/04/18	31/12/18	2 779		
. 618300 Technical documentation	01/04/18	21/10/18	2 593		
. 621410 Office security	01/04/18	20/07/18	274		
. 622610 Consultancy fees	01/04/18	30/06/18	1 219		
. 651140 Royalties	01/04/18	31/12/18	1 875		
. 623100 Press publications	01/04/18	30/09/18	42		
. 623100 Press publications	01/04/18	31/12/18	12 027		
. 625100 Travel expenses	01/04/18				
. 626110 Postage	01/04/18	31/12/18	1 882		
. 626310 Telecom	01/04/18	30/04/18	1 618		
. 626610 Creation & Printing	01/04/18	31/12/17			
. 628000 Miscellaneous services	01/04/18	31/12/18	4 893		
. 628000 Miscellaneous IT services	01/04/18	26/03/20	1 960		
. 628100 Professional membership fees	01/04/18	31/12/18	4 376		
. 637300 Waste disposal tax	01/04/18	31/12/17			
. 647510 Staff medical costs	01/04/18	31/12/18	1 154		
GRAND TOTAL			98 693	0	0

BREAK-UP OF DIFFERED INCOME**Appendix 3**

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

DIFFERED INCOME	Amount
TOTAL	86 097
. 409810-409820 credit note pending from supplier 601100 purchase of raw materials	80 000
. 508810-508832 accrued interests on financial investments	5 905
. 409810 supplier credit note to be received	192

BREAK-UP OF ACCRUED EXPENSES

Appendix 3

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

ACCRUED EXPENSES	Amount
EXTERNAL PURCHASES :	277 077,24
. Outsourced supply chain	15 789,33
. Service fees	6 284,08
. Outsourced payroll	1 170,00
. Outsourced pharmacovigilancy	39 480,00
. Fuel	150,00
. Documentation	15 896,40
. Technical research & studies	99 370,80
. Mailing	5 697,46
. Commissions on sales	10 070,40
. Consultancy fees	45 755,56
. Media advertising	12 087,23
. Advertising conception fees	993,60
. Haulage on sales & other	7 975,49
. Postage	2 250,00
. Telecom	1 122,90
. IT maintenance	2 574,00
. Membership fees	834,83
. Other staff related costs	1 004,55
. Registrar fees	54,42
. Travel expenses	449,19
. Telemarketing	8 067,00
TAXES AND CONTRIBUTIONS ON SALES & STAFF:	54 394,60
. Pharmaceutical taxes	45 640,32
. Training contribution	753,17
. Apprenticeship contribution	931,11
. Tax on industry growth	
. Social security contributions on accrued bonuses	4 411,00
. Social security contributions on accrued salaries	2 659,00
SALARIES AND SOCIAL SECURITY CONTRIBUTIONS :	123 520,36
. Staff - accrued bonuses	9 802,00
. Accrued holidays (prior years)	40 215,71
. Accrued holidays (current year)	66 682,11
. Other accruals	
. Staff - salaries dued (time in lieu)	5 909,00
. T&E payables	
. Staff welfare	911,54
MISCELLANEOUS :	4 250,00
. Bank charges	950,00
. Sales rebates to be credited	3 300,00

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

RELATED PARTY BALANCES AND TRANSACTIONS:

ASSETS :

- On the line « loans », loans to other companies in the Group are worth :
 - . 23 947 086,22 € : gross amount
 - . - 5 963 940,69€ : provision for depreciation of financial asset
 - . 5 904,77 € : interests receivable

- On the lines « Trade Receivables », the other companies in the Group amount to :
 - . 1 523 938,64 € : gross amount
 - . - 1 089 619,20 € : provision for doubtful debt

- On the line « Other Receivables », the other companies in the Group come to :
 - . 7 735 312,48 € : gross amount
 - . -6 741 455,65 € : provision for doubtful debt

LIABILITIES :

- On the line « Borrowings and other financial debts », the other companies in the Group amount to 0.

- On the line « Trade Payables », the debt towards other entities in the Group amount to 850 023,89 €.

- On the line « Other Payables », the amount due to related parties comes to 454 056,00 €.

PROFIT AND LOSS ACCOUNT:

- Financial proceeds for an amount of 24 312,97 € are accounted for in the Profit & Loss account.

- Services rendered come to 199 163,80 €.

- Royalty charges come to 710 982,52 €, commercial services to 54 388,39 € and management fees to 33 589,32€.

BALANCE SHEET NOTES

Appendix 3

LIST OF SUBSIDIARIES, ASSOCIATES AND INTERESTS

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

Name & address	Share capital	Equity (excluding share capital)	% of share capital held	Book value of shares held		Loans and advances granted and not yet recovered by the entity	Deposits and guarantees given by the entity	Pre-VAT Turnover in the past year	Prior -year financial result	Dividends in the current financial year
				gross	net					
NEGMA BENELUX Rue du Cours d'Eau, 10 1328 LILLOIS - Belgique	74 400 €	(6 655 €)	46%	252 456 €	0 €	- €	Nil	0 €	(25 266 €)	- €
TOTAL										
				252 456 €	0 €			0 €	(25 266 €)	- €

BALANCE SHEET NOTES**Appendix 3**

EQUITY

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

Equity as at 01/04/2017	33 443 350,30 €
. Dividends distributed	- 1 572 585,39 €
. Others	
. Financial result	723 671,47 €
Equity as at 31/03/2018	32 594 436,38 €

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018**1- Break-up of the share capital**

As at 31.03.2018, the share capital amounts to 28 868 371.38 € , made up of 275 409 shares, each with a nominal value of 104.82 €.

2- Key managerial personnel remuneration

The information is not provided as it would practically disclose an individual remuneration.

3. Auditor's fees

The annual auditing fees of CERA as at 31/03/18 come to 28 497 € before VAT.

4 - Corporate tax break-up

	Before tax	Corporate Tax payable	After Tax
Operating income	1 157 983 €	480 807 €	677 176 €
Exceptional items	46 496 €	0 €	46 496 €
Tax credits	0 €	0 €	0 €
Net profit/loss	1 204 479 €	480 807 €	723 672 €

5. Deferred tax

Tax timing differences	31/03/17	2017-18 transactions	31/03/2018
* Retirement accrual	30 571 €	190 €	30 761 €
* Organic contribution	0 €	0 €	0 €
* Unrealized capital gain on investments	16 388 €	- 16 176 €	212 €
Total deferred tax assets	46 959 €	-15 986 €	30 973 €

6- Consolidated corporate tax

LABORATOIRES NEGMA are members of a Group that has elected to file a consolidated corporate tax return for all its affiliates under the control of the mother company WOCKHARDT France HOLDINGS. The consolidated tax option chosen is governed by an agreement based on the neutrality principle; therefore:

- **In the event of gains** : the tax burden will be accounted for as if the entity was being taxed individually
 - **In the event of losses**: the resulting tax saving will be booked as a proceed in the books of the mother company.
- There will be no adjustments in the event that an entity exits the Group.

7- Headcount

	Senior and junior executives	Non managerial staff
Average headcount	9	1,5
Headcount as at 31.03.18	9	2

8- Consolidation

The accounts of Laboratoires Negma are consolidated into the accounts of Wockhardt France Holdings following the global integration method. Wockhardt France Holdings'accounts are in turn consolidated initially into Wockhardt Bio AG's accounts (Switzerland) and next into Wockhardt Limited's accounts (India).

SALES BREAK-UP (K€)**Appendix 6**

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

Details	Domestic turnover in K€	Export turnover in K€	Total as at 31/03/2018	Total as at 31/03/2017	%
Sale of pharmaceutical products	7 035	209	7 244	8 626	-16%
Sale of raw & packaging material	-	-	-	-	0%
Sale of services	199	35	234	313	-25%
TOTAL	7 234	244	7 478	8 939	-16%

BREAK-UP OF EXCEPTIONAL GAINS AND LOSSES

Appendix 3

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

DETAILS	Amount		
	Operating	Financial	Exceptional
<u>EXCEPTIONAL GAINS : € 91 212,67</u>			
EXCEPTIONAL GAINS ON OPERATIONS	91 213		
Miscellaneous gains on suppliers	21		
Reversal of tax risk accrual	83 328		
Reimbursement on litigation	505		
Sale of office supplies	167		
Compensation from suppliers on damaged goods	7 130		
Refund on out of date lunch vouchers	62		
EXCEPTIONAL GAINS ON ASSETS		0	0
ACCRUAL REVERSALS & TRANSFER CHARGES			0
<u>EXCEPTIONAL LOSSES : € 44 716,97</u>			
EXCEPTIONAL LOSSES ON OPERATIONS	44 717		
Settlement agreement with ex-employee			
Legal fees on staff litigation			
Adjustement on social contributions			
Miscellaneous payment differences	17		
Donations	1 140		
Loss on API damaged by CMO	43 560		
EXCEPTIONAL LOSSES ON ASSETS		0	0
EXCEPTIONAL DEPRECIATION ACCRUAL			0
Goodwill depreciation			0
GRAND TOTAL	46 495,70	0,00	0,00

BREAK-UP OF GAINS AND LOSSES RELATED TO PRIOR YEAR

Appendix 3

Entity name: SAS LABORATOIRES NEGMA

Fiscal year ending: 31st March 2018

DETAILS	Amount		
	Operating	Financial	Exceptional
LOSSES RELATED TO PRIOR YEAR	2 074	0	0
Consultancy fees			
Service charges			
Outsourced services			
Insurance	2 074		
Commissions			
Advertising			
Haulage			
Stamps			
Bank charges			
Miscellaneous services			
Membership fees			
Training			
Poll tax			
Waste tax			
Exceptional charges on operations			
Technical documentation			
LOSSES RELATED TO PRIOR YEAR	41 785	0	0
Press publications	2 900		
Supplu chain	147		
Transport on sales	195		
Professionnal membership fees	498		
Batch stability costs	38 045		
GRAND TOTAL	43 860	0	0