ZYDUS NIKKHO FARMACÊUTICA LTDA

BALANCE SHEET

FOR THE FISCAL YEARS ENDED ON DECEMBER 31, 2017 and 2016

(In Real - BRL)

ASSETS	Grade	2017	2016	LIABILITIES AND NET EQUITY	Grade	2017	2016
CURRENT				**CURRENT**			
Cash and cash equivalents	3	2.855.420	1.254.859	Suppliers	12	14.518.591	12.763.608
Accounts receivable from clients	4	38.330.828	34.159.784	Tax obligations	13	3.164.631	2.726.722
Inventories	5	14.472.887	18.536.432	Wages, charges, and vacation	14	3.876.911	2.995.328
Recoverable taxes	6	958.457	840.995	Other obligations	15	1.323.586	2.269.292
Prepaid expenses		259.580	344.265	**Total current liabilities**		**22.883.720**	**20.754.950**
Other current assets	7	1.037.109	773.551				
Total current assets		**57.914.280**	**55.909.886**				
NON-CURRENT				**NON-CURRENT**			
Escrow account	8	10.401.450	14.671.744	Allowances for civil, tax, and labor risks	16	8.837.565	10.236.879
Judicial deposits	9	4.286.745	4.092.969	Escrow account	8	10.204.275	11.963.534
Fixed assets	10	9.310.816	9.750.515	**Total non-current liabilities**		**19.041.840**	**22.200.413**
Intangible assets	11	44.800.984	44.414.127				
Total non-current assets		**68.799.995**	**72.929.355**				
				Net equity			
				Share capital	18	145.720.724	145.720.724
				Accrued losses		(60.932.010)	(59.836.846)
				Total net equity		**84.788.714**	**85.883.878**
TOTAL ASSETS		**126.714.275**	**128.839.241**	**TOTAL LIABILITIES AND NET EQUITY**		**126.714.275**	**128.839.241**

The accompanying notes are an integral part of these financial statements

Fredrick Donald Renison
Administrador
CPF: 061.301.347-62

ZYDUS NIKKHO FARMACÊUTICA LTDA.
GILSON ANTONIO DA SILVA
Gerente de Contabilidade Sr.
CRC/RJ 67027-0

ZYDUS NIKKHO FARMACÊUTICA LTDA

INCOME STATEMENTS

FOR THE FISCAL YEARS ENDED ON DECEMBER 31, 2017 and 2016

(In Real - BRL)

	2017	Grade	2016
Net operating revenue	107.782.551	20	110.540.502
Cost of products and goods sold	(41.656.231)	21	(43.708.237)
Gross profit	66.126.320		66.832.265
Operating (expenses) revenue			
Sales	(41.760.522)	21	(39.934.399)
Administrative and general	(24.632.548)	21	(28.091.570)
Other operating (expenses) revenue	338.709	22	33.155
	(66.054.360)		(67.992.813)
Operating income before the financial	71.960		(1.160.548)
Financial result			
Financial revenues	5.771.768	23	7.260.998
Financial expenses	(6.453.235)	23	(5.981.981)
Net financial result	(681.466)		1.279.017
Income before taxes	(609.506)		118.469
Provision for income tax	(386.269)		-
Provision for social contribution	(99.388)		-
Reversal of deferred income tax and social contribution	-		(89.502)
(Loss) Gain for the year	(1.095.163)		28.968

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ZYDUS NIKKHO FARMACÊUTICA LTDA.
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ZYDUS NIKKHO FARMACÊUTICA LTDA
CASH FLOW STATEMENTS
FOR THE FISCAL YEARS ENDED ON DECEMBER 31, 2017 and 2016

(In Real - BRL)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Gain(Loss) for the year	**(1.095.163)**	**28.968**
Adjustments to reconcile the loss for the year with net cash generated by operating activities:		
Depreciation and amortization	1.259.168	510.792
Income from the sale of fixed assets	(37.686)	(11.374)
Write-off of fixed assets	6.664	17.126
Allowance for inventory losses	1.298.029	695.985
Allowance for tax, civil, and labor risks	-	691.489
Inventory losses	33.491	1.325.345
Losses on receiving loans	-	12.412
Reversal of the allowance for inventory losses	(33.491)	(536.350)
Reversal of the allowance for non-performing loans	-	(161.003)
Reversal of deferred tax	-	89.502
Reversão de provisão para riscos tributários, cíveis e trabalhistas	(1.399.314)	(1.889.782)
Allowance for interest and monetary and exchange variations	281.916	1.029.879
	1.408.777	**1.774.020**
(Increase) decrease in operating assets:		
Accounts receivable from clients	(4.171.044)	(3.842.330)
Inventories	2.765.516	(1.457.706)
Other accounts receivable	(225.872)	(462.744)
Taxes and social contributions to compensate	(117.462)	(552.094)
Prepaid expenses and Judicial Deposits	4.161.202	(3.359.666)
(Increase) decrease in operating liabilities		
Suppliers	1.473.068	(3.024.479)
Wages and payroll charges	881.583	(139.552)
Tax obligations	437.909	377.378
Other obligations	(945.706)	740.437
Escrow	(1.759.258)	-
Interest paid on financing and loans	-	(45.974)
Net cash generated by (invested in) operating activities	**2.813.550**	**(9.963.741)**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed and intangible assets	(1.212.990)	(3.389.432)
Net cash generated by (invested in) investment activities	**(1.212.990)**	**(3.389.432)**
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital increase	-	17.099.150
Attracting financing and loans	-	6.809.000
Amortization of financing and loans - Main	-	(13.277.677)
Net cash invested in financing activities	**-**	**10.630.473**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTSNO CAIXA E EQUIVALENTES DE CAIXA	**1.600.561**	**(2.722.700)**
Opening balance of cash and cash equivalents	**1.254.859**	**3.977.559**
Closing balance of cash and cash equivalents	**2.855.420**	**1.254.859**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1.600.561**	**(2.722.700)**

The accompanying notes are an integral part of these financial statements

Fredrick Donald Renison
Administrador
CPF: 061.301.347-62

ZYDUS NIKKHO FARMACÊUTICA LTDA.
GILSON ANTONIO DA SILVA
Gerente de Contabilidade Sr.
CRC/RJ 67027-0

ZYDUS NIKKHO FARMACÊUTICA LTDA
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE FISCAL YEARS ENDED ON DECEMBER 31, 2017 and 2016

(In Real - BRL)

	Share capital	Accrued losses	Total
On December 31, 2015	**128.621.574**	**(59.865.814)**	**68.755.760**
Capital Increase	17.099.150	-	17.099.150
Gain for the Year	-	28.968	28.968
On December 31, 2016	**145.720.724**	**(59.836.846)**	**85.883.878**
Loss for the Year		(1.095.163)	(1.095.163)
On December 31, 2017	**145.720.724**	**(60.932.010)**	**84.788.714**

The accompanying notes are an integral part of these financial statements

Fredrick Donald Renison
Administrador
CPF: 061.301.347-62

ZYDUS NIKKHO FARMACÊUTICA LTDA.
GILSON ANTONIO DA SILVA
Gerente de Contabilidade Sr.
CRC/RJ 67027-0

Zydus Nikkho
Farmacêutica Ltda.
Individual Financial Statements
for the Fiscal Year ended on
December 31, 2017 and
Independent Auditors' Report
on the Financial Statements

HOLDER AUDITORES INDEPENDENTES SS - EPP

1. OPERATING CONTEXT

ZYDUS NIKKHO FARMACÊUTICA LTDA. is a limited liability company, headquartered in Rio de Janeiro, with the processing, trading and import of pharmaceutical products for human use as corporate purpose, operating in the main pharmaceutical sectors, such as: respiratory, central nervous system, cardiology, vitamins, through business units of prescription and generic drugs.

The company started its operating activities in 2005, focusing on the generic drugs market. In March, 2011, the controlled company QUÍMICA E FARMACÊUTICA NIKKHO DO BRASIL LTDA. was merged, changing the corporate name to ZYDUS NIKKHO FARMACÊUTICA LTDA., and from this point on, it started operating on the manufacturing and trading of ethical and generic drugs' business.

2. FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements have been prepared in accordance with accounting practices adopted in Brazil comprising the Brazilian Corporate Law and the Rulings, the Interpretations and Guidance issued by the Brazilian Accounting Pronouncements Committee ("CPC"), approved by Securities Commission ("CVM") and by the Federal Accounting Council ("CFC"). All relevant information specific to the financial statements, and only this information, is being evidenced and correspond to those used in the management of the Company.

Subsequent events were assessed until January 31, 2018, the date on which the financial statements were approved by Management.

2.2 Main accounting policies

2.2.1 Accounting estimates: the preparation of the financial statements in accordance with accounting practices adopted in Brazil requires Management to use judgment in establishing and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the definition of the useful life of fixed assets and intangible assets with defined useful lives, losses due to doubtful accounts, provision for losses in inventories and provision for contingent risks. Settlement of transactions involving these estimates may result in divergent values due to inaccuracies inherent in its determination process. Zydus Nikkho Management reviews the estimates at least in an annual basis.

2.2.2 Financial Instruments: the classification of financial assets is made on initial recognition under the following categories: Measured at fair value through income, loans and receivables and securities available for sale. For financial liabilities, the classification may be: at fair value through income and measured at amortized cost. Financial assets are, at first, recognized at fair value, plus transaction costs, except for assets classified as fair value through income. Financial assets are written off when the rights to receive cash flows have expired or the risks and benefits have been significantly transferred. Loans and receivables are accounted at amortized cost using the effective interest rate method.

The classification of financial instruments is shown in explanatory note 25.

2.2.3 Cash and Cash Equivalents: include cash, bank deposits, other high liquidity short-term investments with original maturities of three months or less and insignificant risk of change in value.

2.2.4 Trade Receivables: Trade receivables correspond to the amounts receivable from customers for the sale of goods in the normal course of the Company's activities. If the period of receipt is equivalent to one year or less, the accounts receivable are classified into current assets. Otherwise, they are presented in non-current assets. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less impairment. In practice, they are normally recognized at the amount billed, adjusted by the estimated loss for doubtful accounts, if necessary.

2.2.5 Inventories: Inventories are stated at cost or net receivable value, whichever is less. The cost of finished products and products under development comprises the costs of raw materials, direct labor, other direct costs and indirect costs of production (based on operational capacity). When necessary, a provision for slow and/or obsolete inventory turnover is established to reflect the risk of realization of these inventories.

2.2.6 Other current and non-current assets: Stated at the net receivable value, stated in current or noncurrent assets according to the estimate for their realization.

2.2.7 Fixed assets: Stated at cost, less accumulated depreciation and impairment losses. Depreciation is recognized based on the estimated useful life of each asset by the straight-line method, so that the cost value less its residual value after its useful life is fully written off (except for land and construction in progress). Estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, and the effect of any changes in estimates is accounted for prospectively. An item of fixed assets is written off after disposal or when there are no future economic benefits resulting from the continued use of the asset. Any gains or losses on the sale or writing off of an item from fixed assets are determined by the difference between the amounts received in the sale and the carrying amount of the asset and recognized in the income.

The expected useful lives are as follows:

	Useful life (in Years)
Real Property	25 years
Facilities	10 years
Machines and Equipment	10 years
Electronics	5 years
Furniture and Fixtures	10 years
Vehicles	5 years
Improvements	25 years

Impairment

Impairment of non-financial assets - Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable value, which represents the greater between fair value of an asset less its disposal costs ("VJMCV") and its value in use ("VIU").

VJMCV is generally determined as the basis for the present value of the estimated future cash flows arising from the continued use of the asset, including any prospects for expansion and possible disposal. The VIU is determined by the present value of the estimated future cash flows that are expected from the continued use of the asset under its current conditions, without taking into account future developments. These assumptions are different from those used in the calculation of the VIU and, therefore, the calculation of the value in use will probably give a different result from the calculation of the VJMCV.

2.2.8 Intangible assets: a) Goodwill: goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net amount of the fair value of the assets and liabilities of the acquired controlled company. Goodwill on acquisitions of controlled companies is stated as "Intangible assets". Goodwill is recorded at fair value less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed. Goodwill is tested annually for impairment.

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGUs)). For the purposes of this test, goodwill is allocated to the Cash Generating Units or to Cash Generating Units groups that are expected to benefit from the business combination from which the goodwill originated and is identified in accordance with the operating sector. Goodwill is considered to be an asset with indefinite useful life. **(b) Trademarks and patents:** Trademarks and patents are stated at historical cost less amortization. The assets arising from the business combination are recorded at fair value at the acquisition date. Expenditures incurred internally to develop and strengthen a brand are recognized as an expense. **(c) Improvement of the manufacturing process:** development of pilot studies to enable investments in improvements of the manufacturing process aiming at higher productivity. **(d) Software:** Acquired software licenses are capitalized based on the costs incurred in acquiring them and making them ready for use.

ON DECEMBER 31, 2017 (In Brazilian reais)

The estimated useful lives of assets with a defined useful life are as follows:

	Useful life (in Years)
Trademarks and patents	-
Improvement of the manufacturing process	5 years
Software	5 years

2.2.9 Loans and Financing: are recognized at fair value upon receipt of funds, net of transaction costs plus charges, interest and monetary variation, as contractually provided and incurred through the balance sheet dates. Any difference between the amounts received and the settlement value is recognized in the income statement for the period during which the loan is outstanding, using the effective interest rate method. Accordingly, the balance payable on the balance sheet date is close to the fair value.

2.2.10 Payable vacation: is established based on the rights acquired by the employees up to the balance sheet date and includes the corresponding social contribution charges.

2.2.11 Other current and non-current liabilities: these are stated at known or estimated amounts, plus, when applicable, the corresponding charges and/or monetary and currency exchange variations incurred up to the balance sheet date.

2.2.12 Provision for Tax, Civil and Labor Risks: the provision is recognized in the balance sheet when the Company has a legal or constituted obligation as a result of a past event, and it is probable that the economic resource will be required to settle the obligation. The provisions are recorded based on the best estimates of specific risks from the liability and duly supported by the assessment of the likelihood of loss being made by the Company's management and legal advisors.

2.2.13 Income Tax and Social Contribution: Taxation on profit comprises income tax and the social contribution. Income tax is calculated on annual income at the rate of 15%, plus an additional 10% on profits that exceeded R$ 240,000 in the period, while social contribution is calculated at a rate of 9% on adjusted income according to the legislation, recognized according to the accrual basis.

2.2.14 Determination of income and recognition criteria of Sales Revenue: the result of operations is determined in accordance with the accrual basis of accounting. Revenue from sales of products is recognized in the income statement, while the risks and benefits inherent to the products are passed on to customers, as well as the transfer of ownership.

2.2.15 Financial Income: it is recognized according to the elapsed period, based on the effective interest rate method and is recognized as and when it is expected to be realized.

2.2.16 Income per share: In accordance with IAS 33/CPC 41 - Earnings per share, the company reconciles the net income to the amounts used to calculate the basic and diluted earnings per share. The company does not have instruments that have not been included in the calculation of earnings per share because they are anti-dilutive, so the result for basic quota is the same as diluted, as shown:

	2017	2016
Basic and diluted income		
Profit (Loss) in the fiscal year for common shares	(1.095.163)	28,968
Common shares	145,720,724	145,720,724
Profit (Loss) per share - basic	(0.0075)	0.0002

2.3 New standards and interpretations not yet in force

IFRS 9 (CPC 48) Financial Instruments - This ruling brings new approaches to: (i) classification and measurement of financial assets and liabilities, (ii) impairment loss and (iii) hedge accounting. This ruling is comes into effect for annual periods beginning on or after January 1, 2018.

ON DECEMBER 31, 2017 (In Brazilian reais)

The Company does not consider that the new classification requirements will have a significant impact on the classification for financial assets that are measured at fair value.

IFRS 15 (CPC 47) Trade Contracts Revenue - This new standard sets forth the principles for determining whether and when revenue is recognized, and how much revenue is measured. This rule is based on the principle that revenue is recognized when the control of a good or service is transferred to a customer, so the control principle will replace the principle of risks and benefits. It comes into force on January 1, 2018 and replaces IAS 11 (CPC 17) Construction Contracts and IAS 18 (CPC 30) Revenues and corresponding interpretations.

IFRS 16 Leasing - In January 2016, the IASB issued IFRS 16, which replaces IAS 17 Leasing operations and related interpretations. IFRS 16 establishes that in all leases with a maturity of more than 12 months, with limited exceptions, the lessee must recognize a lease liability in the balance sheet at the present value of the payments, plus directly allocated costs and at the same time it recognizes a lease right. corresponding use to the underlying asset. During the term of the lease, the lease liability is adjusted to reflect the financial costs and payments made and the right to use is amortized, similar to the financial lease rules in accordance with IAS 17. This ruling is comes into effect for annual periods beginning on or after January 1, 2018.

Based on its assessment, the Company does not expect significant impacts on the financial statements when applying the requirements of IFRS 16.

3 CASH AND CASH EQUIVALENTS

	2017	2016
Cash and bank account transactions	2,848,298	912,569
Financial investments	7,122	342,290
Total	2,855,420	1,254,859

Financial investments in negotiable securities include Bank Deposit Certificates (CDB) and investments in securities, which are recorded at fair value. The revenue generated by these investments is stated as financial income.

4 ACCOUNTS RECEIVABLE

	2017	2016
Customers	38,708,886	34,537,842
Estimated losses for doubtful credits	(378,058)	(378,058)
Total	38,330,828	34,159,784

The credit risk of accounts receivable arises from the possibility of the Company not receiving amounts arising from sales operations. To mitigate this risk, the Company adopts as a practice the detailed analysis of the financial and patrimonial situation of its clients, establishing a credit limit and permanently monitoring its debit balance. The estimate for credit risk was calculated based on the credit risk analysis, which includes the history of losses, the individual situation of the clients, the situation of the economic group to which they belong, the real guarantees for the debts and the evaluation of the consultants and is considered sufficient to cover possible losses on receivables. The breakdown of trade accounts receivable by maturity as well as the maximum exposure to credit risk is as follows:

	2017	2016
Unmatured	32,046,219	30,015,808
Outstanding:		
From 1 to 30 days	2,493,029	2,354,492
From 31 to 60 days	1,494,944	65,863

ON DECEMBER 31, 2017 (In Brazilian reais)

From 61 to 90 days	265,435	1,296
From 91 to 120 days	130,888	5,087
Over 120 days	2,278,371	2,095,296
Total	38,708,886	34,537,842

	2017	2016
Maximum exposure to credit risk	38,708,886	34,537,842
Unmatured balances	32,046,219	30,015,808
Outstanding balances not considered as risk of losses (i)	6,284,609	4,143,976
Outstanding balances considered as risk of losses (ii)	378,058	378,058
Total	38,708,886	34,537,842

(i) Such customers have a history of receipt, however, for a temporary reason, they present problems for financial settlement, therefore they were not estimated as risk of losses.

(ii) All balances in this group are outstanding in excess of 120 days in 2017.

The transaction in estimated losses for doubtful accounts:

	2017	2016
Initial Balance	(378,058)	(539,061)
Addition	-	-
Reversal	-	161,003
Ending balance	(378,058)	(378,058)

5 INVENTORIES

	2017	2016
Finished products	2,981,767	3,710,515
Products being prepared	3,940,000	3,828,657
Goods	5,144,070	5,290,085
Raw materials and packaging	3,330,929	3,803,894
Warehouse	2,349	1,963
Inventory held by third parties	1,621,893	3,184,901
Provision for losses in inventory	(2,548,121)	(1,283,583)
Total	14,472,887	18,536,432

	2017	2016
Inventory held by third parties		
Finished products	629,514	2,031,809
Goods	449,647	724,363
Raw materials and packaging	542,732	428,729
Total	1,621,893	3,184,901

Transaction of provision for losses in inventory:

ON DECEMBER 31, 2017 (In Brazilian reais)

	2017	2016
Initial Balance	(1,283,583)	(1,850,254)
Provision for losses in inventory	(1,298,029)	(695,985)
Realization of the transactions of provision for losses in inventory	33,491	1,262,656
Ending balance	(2,548,121)	(1,283,583)

The provision for inventory losses corresponds to finished products due or those that will mature within the next 6 months of the balance sheet date.

6 RECOVERABLE TAXES

	2017	2016
IRPJ and CSLL recoverable	808,956	739,605
IRRF recoverable	476	-
ICMS recoverable	53,874	60,993
PIS and COFINS recoverable	91,436	11,071
Other taxes	3,715	29,326
Total	958,457	840,995
Current	958,457	840,995

7 OTHER ACCOUNTS RECEIVABLE

	2017	2016
Advances to employees	809,130	697,968
Advances to third parties	227,979	75,583
Total	1,037,109	773,551

8 ESCROW (NON CURRENT ASSETS AND NON-CURRENT LIABILITIES)

	2017	2016
Non-current assets	10,401,450	14,671,744
Non-current liabilities	10,204,275	11,963,534

It refers to amounts retained as guarantee for eventual contingencies arising from the former controlled company Química e Farmacêutica Nikkho do Brasil Ltda., acquired in July, 2007. The amount retained is invested in the financial market and in 2017 its income was paid at an average rate of 10% (14.00% in 2016) per year. The amount will be refunded or discounted from the payments to the company's former shareholders, within the period stipulated in the agreement entered into between the parties. The amount of the adjustment is stated in Non-Current Liabilities.

9 JUDICIAL DEPOSITS

In some situations, due to legal requirements or the presentation of guarantees, judicial deposits are made to guarantee the continuity of the processes under discussion. These judicial deposits may be required for processes whose likelihood of loss has been assessed by the Company, based on the opinion of its legal counsel, as probable, possible or remote.

ON DECEMBER 31, 2017 (In Brazilian reais)

	2017	2016
Civil	396,908	264,138
Labor	3,308,453	3,247,447
Tax	581,384	581,384
Total	4,286,745	4,092,969
Non-current	4,286,745	4,092,969

10 FIXED ASSETS

	Current works /assets	Buildings	Machines and equipment and others	Improvements	Other assets	Total
Cost of Fixed assets (gross value)						
Balance in 2015	1,630,426	5,180,895	9,465,952	567,578	3,474,954	20,319,805
Addition	560,754		337,203	8,198	296,492	1,202,647
Written off			(60,620)		(92,357)	(152,977)
Transfers	(294,985)	314,387	15,409		(27,811)	7,000
Balance in 2016	1,896,195	5,495,282	9,757,944	575,776	3,651,278	21,376,475
Addition	488,389		13,815		240,532	742,736
Written off			(2,460)		(142,201)	(144,661)
Transfers	(222,460)	222,460				
Balance in 2017	2,162,124	5,717,742	9,769,299	575,776	3,749,609	21,974,550

	Current works /assets	Buildings	Machines and equipment and others	Improvements	Other assets	Total
Accrued devaluation						
Balance in 2015	-	(1,754,104)	(5,904,062)	(523,328)	(2,453,760)	(10,635,254)
Devaluation	-	(194,041)	(575,666)	(9,441)	(325,338)	(1,104,486)
Written off	-		46,849		66,932	113,781
Transfers	-					-
Balance in 2016	-	(1,948,145)	(6,432,879)	(532,769)	(2,712,167)	(11,625,960)
Devaluation		(225,167)	(622,745)	(16,502)	(311,438)	(1,175,852)
Written off			591		137,487	138,078
Transfers						
Balance in 2017	-	(2,173,312)	(7,055,033)	(549,271)	(2,886,118)	(12,663,734)
Net Fixed assets						
Balance in 2016	1,896,195	3,547,137	3,325,065	43,007	939,111	9,750,515
Balance in 2017	2,162,124	3,544,430	2,714,266	26,505	863,491	9,310,816

11 INTANGIBLE ASSETS

	Software	Improvement of the manufacturing process	Trademarks and patents	Goodwill	Total
Cost of Intangible assets (gross value)					
Balance in 2015	1,241,938	2,345,437	3,052,941	36,724,675	43,364,991
Addition	2,154,372				2,154,372
Written off					
Transfers	(7,000)				(7,000)

ON DECEMBER 31, 2017 (In Brazilian reais)

Balance in 2016	3,389,310	2,345,437	3,052,941	36,724,675	45,512,363
Addition	470,253				470,253
Written off					
Transfers					
Balance in 2017	3,859,563	2,345,437	3,052,941	36,724,675	45,982,616
Accrued amortization					
Balance in 2015	(940,393)	-	(52,941)	-	(993,334)
Amortization	(104,902)				(104,902)
Written off					
Transfers					
Balance in 2016	(1,045,295)	-	(52,941)	-	(1,098,236)
Amortization	(83,396)				(83,396)
Written off					
Transfers					
Balance in 2017	(1,128,691)		(52,941)		(1,181,632)
Net Intangible assets					
Balance in 2016	2,344,015	2,345,437	3,000,000	36,724,675	44,414,127
Balance in 2017	2,730,872	2,345,437	3,000,000	36,724,675	44,800,984

The amount of goodwill is tested annually for impairment, considering the economic basis on which goodwill was acquired (future profitability).

12 VENDORS

	2017	2016
Domestic vendors	603,230	1,618,520
Foreign vendors	1,401,921	594,297
Vendors from related parties	12,513,440	10,550,791
Total	14,518,591	12,763,608

The payment schedule for non-derivative financial liabilities or suppliers for 2017 is as follows:

	2017	2016
Unmatured	14.518,591	12,763,608
Total	14,518,591	12,763,608

13 TAX OBLIGATIONS

	2017	2016
ICMS payable	659,963	698,932
IRRF, PIS, COFINS, CSLL and ISS payable	670,702	574,137
IRPJ and CSLL payable	277,984	359,424
PIS and COFINS payable	1,555,982	1,032,201
Tax installments	-	62,028
Total	3,164,631	2,726,722

ON DECEMBER 31, 2017 (In Brazilian reais)

14 WAGES, CHARGES AND VACATIONS

	2017	2016
INSS	645,787	671,694
FGTS	206,584	204,324
Vacations and social contributions payable	2,979,086	2,039,270
Others	45,454	80,040
Total	3,876,911	2,995,328

15 OTHER OBLIGATIONS

	2017	2016
Electric bill payable	96,777	64,820
Water and sanitation payable	18,232	1,851
Phone/internet payable	-	4,584
Insurance payable	10,063	37,748
Subscriptions of newspapers payable	-	4,125
Rent payable	103,754	247,016
Commissions payable	-	192,284
Advances from customers	118,627	4,416
Other accounts payable	791,738	1,421,103
Freights payable	63,270	193,665
Credits cards payable	121,125	97,680
Total	1,323,586	2,269,292

16 PROVISIONS FOR CIVIL, TAX AND LABOR RISK

The Company is a party to lawsuits and administrative proceedings before various courts and government agencies, arising from the course of its operations, involving labor matters, civil matters and other matters. Management, based on the information of its legal counsel, in the analysis of pending legal claims and, in respect of labor claims, in the previous experience of the loss percentage in relation to the amounts claimed, constituted the constant provision to be followed. Management considers its amount sufficient to cover the probable estimated losses with the current lawsuits.

Changes in the provision for civil, tax and labor risks:

2017	Initial Balance	Addition	Payments	Ending Balance
Civil - (i)	391,613	-	-	391,613
Labor	9,845,266	-	(1,399,314)	8,445,952
Total	10,236,879	-	(1,399,314)	8,837,565

(i) The civil cases refer to proceedings with ANVISA;

Management did not discount at current value because the money was not material at the time, as interpreted by items 45 to 47 of CPC 25. Management and its legal advisors disclose for accounting purposes compliance with contingency arising from Labor, Civil and Tax Proceedings, with a loss considered "Possible":

ON DECEMBER 31, 2017 (In Brazilian reais)

2017	**Proceedings with Possible Probability status**
Civil	391,613
Labor	8,445,952
Total	8,837,565

17 RELATED PARTS

On December 31, 2017 and 2016, balances and transactions with related parties are as follows:

	2017	**2016**
Liabilities		
Cadila Healthcare Limited	12,513,440	10,550,791
Current	12,513,440	10,550,791
Goods for resale:		
Purchases of Cadila Healthcare Limited products	19,468,394	21,029,811

Balances of commercial transactions between related parties.

18 CAPITAL

On December 31, 2017, the Company's fully subscribed and paid-in capital stock, in the amount of R$ 145,720,724.00, was represented by 145,720,724 common shares, with a par value of R$ 1.00 each, as follows:

	2017	**2016**
Zydus Netherland B.V.	145,720,154	145,720,154
Patel Pankaj Ramanbhai	570	570
Total	145,720,724	145,720,724

The effective increase of the share capital occurred through the subscription of new shares, 8,696,000 as of 01/07/16 and 8,403,150 as of 03/14/16, with a face value of R$ 1.00, which were fully subscribed and paid in by Zydus Netherland BV in local currency.

19 INSURANCE COVERAGE (unaudited)

The Company maintains insurance for certain fixed assets, as well as civil liability and other contractual guarantees. The summary of policies in force on December 31, 2017 is as follows:

Object of Warranty	Insured amount	Term
Pharmaceuticals, building and content	123,484,868	From 08/11/17 to 08/10/18
Vehicles	270,000	From 03/09/17 to 03/09/18
Tablets	182,163	From 10/22/17 to 10/22/18

ON DECEMBER 31, 2017 (In Brazilian reais)

Civil Responsibility	1,390,671	From 03/01/17 to 02/28/18
Domestic Transportation	111,000,000	From 03/01/17 to 02/28/18

20. NET REVENUE

	2017	2016
Gross Revenue	352,221,518	362,709,535
Returns, discounts and other	225,364,324	231,860,779
Taxes on sales	19,074,643	20,308,254
Net Revenue	107,782,551	110,540,502

21. EXPENSES BY NATURE

Cost of Goods and Sold Merchandise	2017	2016
Raw materials, storage and goods for resale	(28,546,361)	(32,361,648)
Materials, energy, third party services and others	(5,583,647)	(4,436,956)
Personnel expenses	(6,743,809)	(6,276,472)
Depreciation and amortization	(782,414)	(633,161)
Total	(41,656,231)	(43,708,237)

Administrative and Commercial Expenses	2017	2016
Materials, energy, third party services and others	(8,234,788)	(7,433,650)
Marketing, sales force and other selling expenses	(20,970,433)	(23,762,805)
Other administrative expenses	(5,272,180)	(6,316,695)
Personnel expenses	(31,438,915)	(30,002,026)
Depreciation and amortization	(476,754)	(510,792)
Total	(66,393,070)	(68,025,968)

22. OTHER OPERATING INCOME (EXPENSES), NET

	2017	2016
Provision for tax, civil and labor risks	-	(691,489)
Provision for inventories/miscellaneous losses	(1,331,520)	(2,021,330)
Income from sale of fixed assets	37,686	11,374
Recovery of expenses	148,887	11,403
Reversal of provision for tax and civil and labor risks	1,399,314	1,889,782
Reversal of provision for inventory losses	33,491	536,350
Reversal of provision for doubtful credits	-	161,003
Others	50,851	136,062
Total	338,709	33,155

ON DECEMBER 31, 2017 (In Brazilian reais)

23. NET FINANCIALS

	2017	2016
Financial expenses:		
Interest	(57,996)	(261,952)
Bank fees	(323,007)	(338,250)
Expenses with Taxes on Financial Operations - IOF	(5,222)	(101,629)
Discounts given	(150,871)	(216,709)
Passive exchange variation	(4,373,728)	(3,217,007)
Escrow charges	(1,542,410)	(1,846,434)
Total expenditure	(6,453,234)	(5,981,981)
Financial income:		
Interest on outstanding accounts receivable	17,814	66,972
Income from financial investments	1,639,946	2,083,033
Discounts obtained	22,196	26,453
Active exchange variation	4,091,812	5,084,540
Total revenue	5,771,768	7,260,998
NET FINANCIALS	(681,466)	1,279,017

24. RISK MANAGEMENT

The Company participates in transactions involving financial instruments, which are fully recorded in equity accounts. These operations are designed to meet the needs of maximizing the profitability of the net cash resources and raising funds necessary to maintain the working capital and the provision of its investment plan.

Market value of financial instruments

The market value of cash and cash equivalents (cash, banks and short-term investments), trade accounts receivable and current liabilities approximate the carrying amount due as the maturity occurs on a date close to the balance sheet date. The balance of financing is monetarily restated based on variable interest rates due to market conditions and, therefore, the outstanding balance at the balance sheet date is close to market value.

Risk Management

The Company has procedures for preventive and detective controls that monitor its exposure to credit risks, already disclosed in note 4, liquidity risks, market risks and risks related to the Company and its operations.

Liquidity Risk

Company Management monitors continuous forecasts of the Company's liquidity requirements to seek sufficient cash to meet operating needs. The Company may need to obtain additional funds through bank loans or capital increase.

Market risk management

The Company is exposed to market risks arising from its activities. These market risks, which are beyond its control, mainly involve the possibility of changes in interest rates, exchange rates and inflation may adversely affect the value of your financial assets or cash flows and future income. Market risk is the eventual loss resulting from adverse changes in market rates and prices. The mitigation of this risk occurs through the application of procedures to evaluate the exposure of assets and liabilities to market risk and, consequently, the contracting of hedging to top financial institutions, when necessary.

In order to provide information on how the risks in the US dollar will behave, to which the Company is exposed on December 31, 2017, the following are possible changes, from 25% to 50%, in the relevant risk variables, in relation to the net exposure in foreign currency (international vendors). Exposure to CDI was not disclosed due to the fact that the company does not have any balances with loans and financing.

The assumptions for the calculation for foreign suppliers are:

- Scenario I: Current loss - Based on the result of exchange variation in the year ended on December 31, 2017;
- Scenario II: 25% increase in US dollar - Based on liabilities in foreign currency on December 31, 2017;
- Scenario III: 50% increase in US dollar - Based on liabilities in foreign currency on December 31, 2017.

In the table below, we show the possible impacts on the Company's results, with the devaluation of R$:

Scenario I - Current - Gain or (Loss) in the income for the fiscal year	(281,916)
Balance in USD on December 31, 2017	4,203,481
Scenario II - Increase of 25% - Foreign exchange loss in the income for the fiscal year	(3,425,942)
Scenario III - Increase of 50% - Foreign exchange loss in the income for the fiscal year	(6,851,884)

25. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The company classifies the financial instruments according to the purpose for which they were acquired, and determines the classification in the initial recognition according to the following categories:

	2017	2016
	Loans and Receivables or Amortized Cost	Loans and Receivables or Amortized Cost
Current Financial Assets		
Cash and Cash Equivalents	2,855,420	1,254,859
Trade receivables	38,330,828	34,159,784
Other Current Assets	1,037,109	773,551
TOTAL Financial Assets	42,223,357	36,188,194
Current Financial Liabilities		
Vendors	14,518,591	12,763,608
OTHER OBLIGATIONS	1,323,586	2,269,292
TOTAL Financial Liabilities	15,842,177	15,032,900

26. COMPENSATION OF MANAGERS

The total compensation of the company's officers is composed of a fixed remuneration, which includes wages, salaries and social security contributions. In 2017, the total compensation was R$ 781,569 (R$ 1,165,033 in 2016).

During the fiscal years of 2017 and 2016, there was no compensation related to post-employment benefits, termination benefits, other long-term benefits or stock-based compensation.

27. SUBSEQUENT EVENTS

There were no facts or transactions that, in accordance with IAS 10 - Subsequent Events, had an impact on the financial statements.

Manager
Fredrick Donald Renison
Accountant
Gilson Antonio da Silva
CRC (Regional Accounting Board) no. RJ 67027/O-0

REPORT OF THE INDEPENDENT AUDITOR ON INDIVIDUAL ACCOUNTING STATEMENTS

The shareholders of the
ZYDUS NIKKHO FARMACÊUTICA LTDA.
RIO DE JANEIRO - RJ.

Opinion

We have audited the individual financial statements of Zydus Nikkho Farmacêutica Ltda. Which comprise the balance sheet as of December 31, 2017, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended. As well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the individual and financial position of Zydus Nikkho Farmacêutica Ltda., as of December 31, 2017, the individual performance of its operations and their respective Individual cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) - only in cases where there are no differences between the two accounting practices.

Basis for opinions

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section, entitled "Auditor's Responsibilities for the Audit of the Individual Financial Statements." We are independent in relation to the company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and in the professional norms issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these norms.

We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Other information accompanying the individual financial statements and the auditor´s report

The management of the company is responsible for such other information that comprises the Management Report.

Our opinion on the individual financial statements does not cover the Management Report and we do not express any form of audit conclusion about this report.

In connection with the audit of the individual financial statements, our responsibility is to read the Management Report and, in so doing, to consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or, otherwise it appears to be materially distorted. If, based on our work, we conclude that there is a material misstatement in the Management Report, we are required to report this fact. We have nothing to report on this.

Responsibilities of management and governance by the individual financial statements.

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) Determined as necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In the preparation of the individual financial statements, management is responsible for evaluating the company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Intends to liquidate the company or cease its operations, or has no realistic alternative to avoid closing the operations.

Those responsible for corporate governance are those responsible for overseeing the process of preparing the financial statements.

Responsibilities of the auditor for the audit of the individual financial statements.

Our objectives are to obtain reasonable assurance that the individual financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the said financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and assess the risks of material misstatement in the individual financial statements, whether caused by fraud or error; We plan and perform audit procedures in response to such risks; And we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve circumvention of internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not, in order to express an opinion on the effectiveness of the company's internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of the management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the Company's operational continuity company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include modification in our opinion if the disclosures are inadequate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may lead the company to no longer remain in operational continuity.

• We evaluate the overall presentation, structure and content of financial statements, including disclosures and whether the individual financial statements represent the corresponding transactions and events in a manner consistent with the appropriate presentation objective.
• We obtain adequate and adequate audit evidence regarding the entity's financial information or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit and, consequently, for the audit opinion.

We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in the internal controls we have identified during our work.

São Paulo, January 31, 2018.

HOLDER AUDITORES INDEPENDENTES SS – EPP
CRC 2SP 034.257/O-4

MARCOS BARBOSA HENRIQUES
CRC 1SP 258.019/O-6

MARCOS HENRIQUES
CRC 1SP 142.884/O-4