

**ANNUAL ACCOUNTS AND AUDITOR'S
REPORT OF
LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019**



Laboratorios Combix, S.L.U.
Calle Badajoz, 2, Edificio 2
28223 Pozuelo de Alarcón
Madrid
C.I.F.: B-84544360

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AUDITOR'S REPORT



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ANNUAL ACCOUNTS AUDIT REPORT ISSUED BY AN INDEPENDENT AUDITOR

To the shareholder of LABORATORIOS COMBIX, S.L.U.:

Opinion

We have audited the annual accounts of the company LABORATORIOS COMBIX, S.L.U., which include the balance sheet as of 31st December 2019, the profit and loss account, the statement of changes in equity, the cash flow statement and the report relating to the financial year completed on said date.

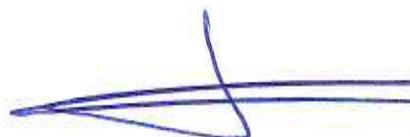
In our opinion, the attached annual accounts express, in all significant aspects, a true and fair view of the shareholders' equity and of the financial situation of the company LABORATORIOS COMBIX, S.L.U. as of 31st December 2019, as well as of its profits or losses and of its cash flows relating to the financial year ended on said date, in accordance with the applicable regulatory framework (identified in note II of the memorandum) and, in particular, with the accounting principles and criteria contained in the same.

Basis of opinion

We have carried out our audit in accordance with the rules governing the auditing of accounts existing in Spain. Our responsibilities, in accordance with these standards, are described below in the section Responsibilities of the auditors regarding the audit of the annual accounts, of our report.

We are independent from the Company in accordance with any ethical requirements, including that of independence, applicable to our audit of the annual accounts in Spain, as required by the rules governing the activity of auditing accounts. In this sense, we have not provided any services other than that of auditing accounts, nor are there any situations or circumstances which, in accordance with the above-mentioned regulatory standards, have affected the required independence thereby compromising it.

We consider that the auditing evidence that we have obtained provides a sufficient, suitable basis for our auditing opinion.




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Emphasis paragraph

We would like to call attention to the contents of Notes VIII and X of the attached report, which indicate that the Company as of 31st December 2019 has a participating loan from a group company for the amount of 1,600,000.00 Euros, granted in 2012 and due to expire in 2021. This loan is included in the computation of equity for the purposes of the equity rebalancing of the Company with the purpose of not being in the cases of article 363 of the Law of Capital Companies (RDL 1/2010, of 2 July). This participatory loan in accordance with what is set forth in letter d) of article 20.1 of Royal Legislative Decree 7/1996 of 7th June, will be considered as the book equity of the company for the purposes of capital reduction and liquidation of companies provided for in commercial legislation.

The sustained losses incurred by the company are the result of an expansive strategy and a medium and long-term business plan. Said strategy includes the financial support of the shareholder to cover the operating losses that are being incurred in accordance with its business plan. Therefore, the continuance of the company is completely dependent upon the financial support of the shareholder.

In accordance with the intentions that the Governing Body has stated to us, the shareholder are fully committed to making sufficient liquidity contributions so that the Company can continue to trade normally.

This action does not affect our opinion.

We draw attention to Note XVI of the annual accounts, which describes the effects on the Company, and will have, the current situation by COVID-19. The Company considers that, in general terms, the pandemic is not expected to have a significant impact on the business of LABORATORIOS COMBIX, S.L.U. because the pharmaceutical sector is considered one of the critical and essential services that must maintain its operation and operation throughout the COVID-19 crisis. Our opinion has not been amended on this issue.

The audit's most relevant aspects

The audit's most relevant aspects are those which, according to our professional judgment, have been considered as the most significant risks leading to material misstatements in our audit of the annual accounts for the current period. These risks have been addressed in the context of our audit of the annual accounts as a whole, and when forming our opinion on the same, and we do not express a separate opinion about them.

We have determined that there are no significant risks considered in the audit requiring communication.



Other information: Management report

The other information comprises exclusively the management report for the year 2019, whose formulation is the responsibility of the Company's directors and is not an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility for the management report, in accordance with what is required by the regulations governing the audit activity, is to evaluate and report on the agreement of the management report with the annual accounts, based on the knowledge of the entity obtained in carrying out the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same.

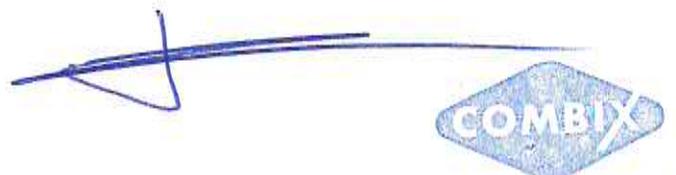
Likewise, our responsibility is to evaluate and report if the content and presentation of the management report are in accordance with the regulations that result from application. If, based on the work we have done, we conclude that there are material inaccuracies, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the management report agrees with that in the annual accounts for the year 2019 and its content and presentation are in accordance with the regulations that apply.

Responsibilities of the Governing Body regarding the annual accounts

The Governing Body is responsible for preparing the attached annual accounts in such a way that they express the true and fair view of the shareholders' equity, the financial situation and the profits or losses of LABORATORIOS COMBIX, S.L.U., in accordance with the regulatory framework regarding financial information that is applicable to the company in Spain, which is identified in note II of the attached report, and for the internal management considered necessary to allow the preparation of annual accounts that are free of material incorrectness, due to fraud or error.

In preparing the annual accounts, the members of the Board of Directors are responsible for assessing the ability of the Company to continue as an ongoing concern, disclosing, as appropriate, any issues relating to the company as an ongoing concern and using the accounting principle of an ongoing concern unless the members of the Board of Directors intend to liquidate the entity or cease operations, or where there is no realistic alternative.



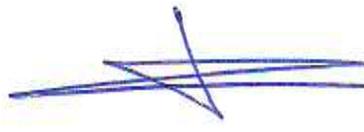
Responsibilities of the auditors regarding the audit of the annual accounts

Our aims are to obtain reasonable assurance that the annual accounts, as a whole, are free from material misstatements, due to fraud or error, and issue an audit report containing our opinion.

Reasonable assurance is a high degree of confidence, but it does not guarantee that an audit performed using the audit regulations currently in force in Spain will always detect an existing material misstatement. Misstatements may be due to fraud or error, and are considered material if, individually or in the aggregate, it can be reasonably foreseen that they will influence the financial decisions taken by users on the basis of the annual accounts.

As part of an audit in accordance with the rules governing the auditing of accounts in Spain, we apply our professional judgment and adopt a position of professional scepticism throughout the entire audit. In addition:

- We identify and assess the risk of material misstatement in the financial statements, due to fraud or error; we design and apply audit procedures to address these risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than in cases due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally incorrect statements, or circumventing internal monitoring.
- We acquire knowledge of any internal monitoring relevant to the audit in order to design appropriate audit procedures dependent on the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal monitoring.
- We assess whether accounting policies are appropriate, and the reasonableness of any accounting estimates and the corresponding information disclosed by members of the Board of Directors.
- We reach a conclusion as to whether the use by the members of the Board of Directors of the accounting principle of an ongoing concern is appropriate and, based on the audit evidence obtained, we conclude whether there is or not material uncertainty associated with facts or conditions giving rise to significant doubts as to the Company's ability to continue as an ongoing concern. If we conclude that there is material uncertainty, it is a requirement that we draw attention in our audit report to the information disclosed in the annual accounts or, if these disclosures are inadequate, that we express an amended opinion. Our conclusions are based on audit evidence obtained up to the date of our audit report. However, future facts or conditions may cause the Company to cease to be an ongoing concern.



- We assessed the overall presentation, structure, and content of the annual accounts, including disclosed information, and if the annual accounts represent the underlying transactions and events in a way that reflects a true image.

We communicated with the members of the entity's Board of Directors in connection with, among other issues, the scope and the timing of the planned audit and any significant audit findings, as well as any significant deficiency in internal monitoring that we identified in the course of the audit.

Among any significant risks which have been the subject of a communique to the members of the entity's Board of Directors, we determine which were of the greatest significance in the audit of the annual accounts for the current period and which are, therefore, those risks which are considered most significant.

We describe these risks in our audit report except where legal or regulatory provisions prevent us from publicly disclosing said issues.

Madrid, 4th May 2020



AUDIREPORT, S.L.

Signed: Héctor M. Gascón Rey

(Registered in the Official Register of Accounts Auditors with number 16,609)



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BALANCE SHEET AS OF 31.12.19



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BALANCE SHEET LABORATORIOS COMBIX, S.L.U. AS AT 31 DECEMBER 2019 AND 2018 (RD 1514/2007)

ASSETS		NOTES ANNUAL REPORT	31/12/2019	31/12/2018	NET WORTH AND LIABILITIES		NOTES ANNUAL REPORT	31/12/2019	31/12/2018
A) NON-CURRENT ASSETS			1.627.033,33	1.591.189,37	A) NET WORTH			3.235.173,25	3.158.053,92
I.	Intangible fixed assets 3. Patents, licences, trademarks and similar. 5. Computer applications	V	0,00 0,00 0,00	0,00 0,00 0,00	A-1) SHAREHOLDERS' EQUITY		X	3.235.173,25	3.158.053,92
II.	Tangible fixed assets 1. Land and buildings 2. Technical installations and other tangible fixed assets	VI	1.537.643,45 1.526.609,25 11.049,17	1.571.095,58 1.557.362,25 13.627,83	I. Capital 1. Authorized capital			7.482.266,00 7.482.266,00	7.482.266,00 7.482.266,00
V.	Long-term financial investments 5. Other financial assets	VII	72.587,36	0,00	II. Issue Premium			21.536.540,00	21.536.540,00
VI.	Assets for deferred tax	XII	16.802,32	20.162,79	III. Reserves 1. Legal and statutory 2. Other reserves			-10.051,50 -10.051,50	-10.051,50 -10.051,50
B) CURRENT ASSETS			7.437.022,35	6.000.496,13	V. Prior year income/losses 2. (Prior year losses)			-27.350.700,58 -27.350.700,58	-27.187.923,87 -27.187.923,87
II.	Stocks 1. Trade 3. Goods in progress	XI	2.836.271,68 2.836.259,57 100.013,11	2.280.500,12 2.243.281,16 47.218,96	VI. Other shareholder contributions			1.500.000,00	1.500.000,00
III.	Trade debtors and other accounts receivable 1. Customers for sales and provision of services 2. Customers, group and associated companies 3. Various debtors 5. Assets for current taxes 6. Other credits with the Public Administrations	VIII	3.461.645,81 2.111.245,71 1.248.298,86 17.800,00 0,00 82.597,34	2.845.380,58 2.291.437,70 514.509,00 15.400,00 1.214,16 22.819,72	VII. Income/loss for year			77.119,33	-162.776,71
V.	Short-term financial investments 5. Other financial assets	VIII	101.302,50 101.302,50	101.302,50 101.302,50	B) NON-CURRENT LIABILITIES			1.600.000,00	1.600.000,00
VII.	Cash and other equivalent liquid assets 1. Cash		937.802,26 937.802,26	783.312,93 783.312,93	III. Long-term debts with group and associated companies		VIII.1	1.600.000,00	1.600.000,00
TOTAL ASSETS			9.064.055,68	7.611.685,50	C) CURRENT LIABILITIES			4.228.882,43	2.863.631,58
					II. Short-term provisions		XIV	0,00	75.000,00
					IV. Short-term debts with group and associated companies		VIII.2	108.133,21	101.486,07
					V. Trade creditors and other accounts payable 1. Suppliers 2. Suppliers, group and associated companies 3. Various creditors 4. Personnel (remunerations pending payment) 6. Other debts with the Public Administrations		VIII.2	4.120.749,22 1.443.642,77 1.062.105,88 1.946.031,97 483.246,93 152.965,75 74.862,80	2.677.145,51 1.062.105,88 1.039.873,25 320.781,87 125.961,00 69.395,51
TOTAL NET WORTH AND LIABILITIES			9.064.055,68	7.611.685,50	TOTAL NET WORTH AND LIABILITIES			9.064.055,68	7.611.685,50



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**PROFIT AND LOSS ACCOUNT AS OF
31.12.19**



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PROFIT AND LOSS ACCOUNT LABORATORIOS COMBIX, S.L.U. AS AT 31 DECEMBER 2019 AND 2018 (RD 1514/2007)

	NOTE	Debit / Credit	
		31/12/2019	31/12/2018
A) CONTINUING OPERATIONS			
1. Net turnover.	XIII f)	10.580.745,82	9.529.669,01
a. Sales.		8.736.839,48	8.571.528,99
b. Provision of services.		1.843.906,34	958.140,02
4. Procurements.	XIII a)	-5.191.325,08	-4.639.462,85
a. Consumption of goods for resale.		-5.290.675,22	-4.660.212,92
d. Impairment of goods for resale, raw materials and other procurements.		99.350,14	20.750,07
5. Other operating revenues.	XIII h)	657.957,00	514.509,00
a. Non-core and other current operating revenues.		657.957,00	514.509,00
6. Personnel expenses.	XIII b)	-2.299.953,69	-2.096.864,36
a. Salaries, wages and similar.		-1.889.565,83	-1.717.888,48
b. Welfare charges.		-410.387,86	-378.975,88
7. Other operating expenses.	XIII c)	-3.700.560,99	-3.394.741,90
a. External services.		-3.042.272,49	-2.657.127,15
b. Taxes.		-656.866,04	-755.680,25
c. Losses, impairment and variation of provisions for trade operations.		-1.422,46	18.065,50
8. Fixed asset depreciation.		-34.458,38	-66.725,58
12. Other income/loss	XIII d)	74.635,32	1.035,95
a. Exceptional expenses		-1.741,37	0,00
b. Exceptional revenues		76.376,69	1.035,95
A.1) OPERATING INCOME/LOSS		87.040,00	-152.580,73
13. Financial revenues.			
b. From negotiable securities and other financial instruments.		84,24	268,32
b2. Third parties.		84,24	268,32
14. Financial expenses.	XIII e)	-6.647,14	-7.104,52
a. For debts with group and associated companies.		-6.647,14	-7.104,52
b. For debts with third parties.		0,00	0,00
15. Exchange differences.		2,70	0,69
A.2) FINANCIAL INCOME/LOSS		-6.560,20	-6.835,51
A.3) PRE-TAX INCOME/LOSS		80.479,80	-159.416,24
18. Profit tax.		-3.360,47	-3.360,47
A.4) RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS		77.119,33	-162.776,71
A.5) INCOME/LOSS FOR YEAR		77.119,33	-162.776,71



2019 FINANCIAL YEAR REPORT



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**REPORT ON LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019**

I. NATURE AND BUSINESS

LABORATORIOS COMBIX, S.L.U., hereinafter the Company, was incorporated as a single shareholder limited Company in Spain for an open-ended period on 19th December 2005. Its registered office is located in Calle Badajoz, número 2 in Pozuelo de Alarcón (Madrid). Its tax identification code (CIF) is B84544360.

Its registration data are as follows:

Entered in the Companies' Registry of Madrid

Volume: 22118, Folio: 93, Section: 8, and Page M-394572.

Its corporate purpose consists of the manufacture, commercialisation, distribution and sale of medicines and pharmaceutical products in general for health care, as well as other businesses directly or indirectly related to the aforementioned ones.

The main business of the Company, consisting of the sale of generic medicines, is in accordance with its corporate purpose.

The Entity is a Company controlled by the Group named ZYDUS CADILA. The ultimate Holding Company is the Indian Company CADILA HEALTHCARE LIMITED, which has its head office in Ahmedabad (India) and files its consolidated Annual Accounts in Ahmedabad (India). The last prepared Annual Accounts were those relating to the financial year that closed on 31st March 2019.

The information on the group of companies under the terms provided for in article 42 of the Spanish Code of Commerce is as follows:

ITEM	DESCRIPTION
NAME	CADILA HEALTHCARE LIMITED
CORPORATE PURPOSE	The manufacture, commercialisation, distribution and sale of medicines and pharmaceutical products in general for health care, as well as other businesses directly or indirectly related to the aforementioned ones.
REGISTERED OFFICE	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Ahmedabad (India)



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ON 31st DECEMBER 2019**

ITEM	DESCRIPTION
NAME	ZYDUS INTERNATIONAL PRIVATE LIMITED.
CORPORATE PURPOSE	Financial
REGISTERED OFFICE	FDW HOUSE. BLACKTHORN BUSINESS PARK. COES ROAD DUNDALK CO. LOUTH (IRELAND).

ITEM	DESCRIPTION
NAME	ZYDUS NETHERLANDS B.V.
CORPORATE PURPOSE	Financial
REGISTERED OFFICE	AMSTELDIK 166, 1079 AMSTERDAM (HOLLAND). Direct controlling company of Laboratorios Combix, S.L.U.

See the list of the transactions with group and related companies in Note XVIII of this Report.

The functional and operating currency of the Company is the euro. The criteria established in the General Accounting Plan have been followed for the preparation of the financial statements in euros, as they appear in section IV Recording and Valuation Norms.

The Capital Company Act is applicable, (in force since 1st September 2010) whose consolidated text was approved by Royal Legislative Decree 1/2010, of 2nd July, as is the Spanish Code of Commerce and complementary provisions.

II. BASIS OF PRESENTATION AND APPROVAL OF THE ANNUAL ACCOUNTS

a) True and fair view

The Annual Accounts for the 2019 financial year attached have been prepared by the Board of Directors based on the accounts records of the Company on 31st December 2019 and the accounting principles and evaluation criteria set forth in Royal Decree 1514/2007, which approves the General Accounting Plan and the modifications made to this through Royal Decree 1159/2010 and other legal provisions in force regarding accounts have been applied to them, and they show a fair and true view of the shareholders' equity, of the financial situation and of the profits or losses of the Company, as well as the veracity of the flows included in the cash flow statement.



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**REPORT ON LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019**

There are no exceptional reasons why, to show the fair and true view, any legal provisions for accounting have not been applied.

The annual accounts relating to the 2019 financial year are presented in the usual format.

The Annual Accounts shall be submitted for the approval of the Ordinary General Shareholders' Meeting, considering that they will be approved without any modifications whatsoever.

The Annual Accounts relating to the 2018 financial year were approved by the Ordinary General Shareholders' Meeting on 29th June 2019.

b) Non-mandatory accounting principles applied

The Company applied the Accounting Principles of the General Accounting Plan contained in Royal Decree (RD) 1514/2007 approved on 16th November.

c) Critical aspects of the evaluation and estimate of relevant uncertainties and judgements in the application of accounting policies

The Company has prepared its financial statements under the principle of operating company, having taken into account the current situation of COVID-19, as well as its possible effects on the economy in general and on the company in particular, without risk of continuity in its activity, as detailed in note XVI of this report.

The preparation of the annual accounts requires that the Management makes relevant accounting estimates, judgements, other estimates and hypotheses that could affect the adopted accounting policies and the value of the assets, liabilities, income, expenses and the breakdowns associated with them.

The estimates made are based on, among other things, the historic experience and other facts considered reasonable when taking into account the circumstances on the date of the year end, the result of which represent the basis for judgement regarding the book value of the assets and liabilities whose value are not immediately determinable.



**REPORT ON LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019**

The actual profits or losses could be different from that which is estimated. These estimates and judgements are continuously assessed.

Some accounting estimates are considered significant if the nature of the estimated and situations is tangible and if the impact on the financial position or the operating performance is tangible.

Although these estimates were made by the Management of the Company based on the best information available at the end of each financial year, by applying its best estimate and market knowledge, it is possible that future events might force the Company to change them in future financial years. In accordance with current legislation, the effects of changes in estimates shall be recognised prospectively.

Below are the principal estimates and judgements made by the Company:

- Useful life of the intangible and tangible assets.
- Estimates made for the determination of the impairment of stock and of the commercial loans receivable.
- Provisions for litigation.
- Recoverability of activated tax credits.
- Recognition of income.

d) Comparison of the information

For the purposes of comparison, as well as the figures from the 2019 financial year, the entries relating to the previous financial year are presented, which have been obtained through the application of the General Accounting Plan approved by Royal Decree 1514/2007, including each of the entries of the balance sheet, of the profit and loss account, of the statement of changes in equity, of the cash flow statement and of the report of the annual accounts.

The Company must audit the annual accounts of the 2019 and 2018 financial years. Both financial years have been audited.



REPORT ON LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019

e) Grouping of items

The annual accounts do not have any items that have been grouped together in the balance sheet, in the profit and loss account or in the statement of changes in the equity or in the cash flow statement.

f) Elements entered in several entries

No equity elements are recorded in two or more items of the balance sheet.

g) Changes in accounting criteria

No adjustments to the annual accounts of the 2019 financial year have been made due to changes in accounting criteria.

h) Correction of errors

The annual accounts of the 2019 financial year do not include any adjustments made as a consequence of errors detected during the financial year.

i) Relative Importance

When determining the information to be included in this report on the various items of the financial statements and other matters, the Company, in accordance with the conceptual framework of the General Accounting Plan, has considered the relative importance with regard to the annual accounts of the 2019 financial year.



**REPORT ON LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019**

III. DISTRIBUTION OF RESULTS

The distribution of the result proposed by the Governing Body, as well as that approved for the previous financial year, is as follows:

BALANCE	IN EUROS	
	2019 Fin. Year	2018 Fin. Year
Profit and loss account balance	77.119,33	-162.776,71
Total balance = Total distribución	77.119,33	-162.776,71
DISTRIBUTION	IN EUROS	
	2019 Fin. Year	2018 Fin. Year
To negative results of previous years	0,00	-162.776,71
To compensation of previous years' losses	77.119,33	0,00
Total distribution = Total balance	77.119,33	-162.776,71

No interim dividends were distributed during the financial year.

Once the points provided for by law or the articles of association have been covered, dividends can only be distributed against the profits of the financial year or against free reserves, if the value of the shareholders' equity is not, as a consequence of the distribution, less than the share capital. For these purposes, the profits charged directly against the shareholder's equity may not be distributed either directly or indirectly.

If there are losses from previous financial years that make the value of this shareholders' equity of the company less than the share capital figure, the profit shall be used to offset these losses.

IV. RULES OF RECORDING AND VALUATION

a) Intangible Fixed Assets

The intangible fixed assets are initially valued at their cost, whether this is the acquisition price or the production price.

After the initial evaluation, intangible fixed assets are valued by their cost minus the accumulated amortisation and, if appropriate, the accumulated amount of the recorded corrections due to impairment.

For each intangible fixed asset, it is decided if its



useful life is defined or undefined.

**REPORT ON LABORATORIOS COMBIX, S.L.U.
ON 31st DECEMBER 2019**

The intangible assets that have a defined useful life are amortized systematically depending on their estimated useful lives and on their residual value. The applied amortisation methods and time periods are reviewed at the end of each financial year. If there are signs of impairment then the recoverable amounts are estimated and the appropriate valuation corrections are made.

The amortisation of the intangible fixed assets uses the linear method during their estimated useful lives, in accordance with the following years of useful life:

DESCRIPTION	YEARS	ANNUAL %
Patents, licences, brands and similar	5	20%
Computer software	4-6	25%-16,67%

a.1) Patents, licences, brands and similar

The licences relating to the exploitation rights for the authorisation of the commercialisation of specialised pharmaceutical products mainly consist of payments of state charges and are valued at their initial payment figure. The heading "brand" relates to the "Combix" brand.

The amortisation is calculated by using the linear method applied to a period of five years from their commercialisation.

a.2) Computer software

These are valued at their acquisition price or production cost. The useful life of these elements is estimated at between 4 and 6 years.

The repairs that do not represent an extension to the useful life and maintenance costs are debited in the profit and loss account of the financial year in which they occur.



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b) Tangible Fixed Assets

These are valued at their acquisition price or their production price that includes, as well as the amount invoiced after deducting any discount or reduction in the price, all additional expenses that are directly related that occur until its putting into service, such as levelling and demolition, transport, insurance, installation, assembly and other similar expenses.

The company includes the financial costs related to the specific or generic financing that is directly attributable to the acquisition, construction or production in the cost of intangible fixed assets that need a period of time in excess of one year in order to be ready to use, operate or sell. Sums have not been recorded through this concept during the financial year.

The initial estimate of the current value of the obligations assumed that arise from the dismantling or removal or other costs associated with the assets such as renovation costs, also form part of the value of the tangible fixed assets, when these obligations lead to the recording of provisions. However, as well as the best estimate of the current value of the contingent amount, the contingent payments that depend upon figures related to the carrying out of the business are recorded as an expense in the profit and loss account as they are incurred.

Amounts paid on account of future acquisitions of fixed tangible assets are recorded in the assets and any adjustments that arise due to the updating of the value of the asset subject to the advance payment lead to the recording of financial income, as it is accrued. For this purpose, the incremental interest rate of the supplier in force at the initial moment is used, that is, the interest rate at which the supplier could finance itself under equivalent conditions to those resulting from the amount received, which shall not be subject to modification in later financial years. When these are advance payments with an expiry of not more than one year and whose financial effect is not significant, it shall not be necessary to carry out any type of updating.



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The company has no dismantling, withdrawal or renovation commitments for its assets. For this reason, they have not been entered in the asset values for the coverage of such obligations in the future.

The Governing Body of the company considers that the book value of the assets does not exceed their recoverable value.

Losses of the value of an element of the tangible fixed assets due to deterioration are recorded when its net account value exceeds its recoverable amount, this being understood as the highest amount between its reasonable value minus the sale costs and its value in use.

Expenses incurred during the financial year due to works and projects carried out by the company are debited in the relevant expense accounts. Improvement or extension costs that lead to an increase in the production capacity or to a longer useful life of assets are added to the assets as an increase in their value.

Costs related to major repairs of the elements of the tangible fixed assets are recorded as a replacement at the time when they are incurred and are depreciated during the period until the following repair, removing any amount associated with the repair that might remain in the book value of the aforementioned fixed asset.

The depreciation of the elements of the tangible fixed assets is carried out linearly during their useful life from the time at which they are available for their putting into service, estimating a residual value of nil, in accordance with the following years of useful life:

DESCRIPTION	YEARS	ANNUAL %
Buildings	50	2%
Other facilities	10	10%
Furniture	10	10%
Information processing equipment	4 - 6	16% - 25%

At least at the end of each financial year, the Company assesses if there are signs of deterioration in the value of its tangible fixed assets that could reduce the recoverable value of said assets to an amount that is less than their book value.



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If there is any sign, the recoverable value of the asset is estimated in order to determine the extent of the possible loss due to a deterioration in value.

The recoverable amount is the amount between its fair value minus the sales costs, or the value in use, whichever is higher. The deterioration of the value in use is calculated in accordance with the expected cash flows that will arise from the use of the asset, the expectations regarding possible variations in the amount or the temporary distribution of cash flows, the time value of money, the price to be paid to cover the uncertainty related to the asset and other factors that market participants would consider in their valuation of the future cash flows related to the asset.

If the estimated recoverable amount is lower than the net book value of the asset, the corresponding loss due to deterioration is recorded, debited in the profit and loss account, thereby reducing the book value of the asset to its recoverable value.

Once the valuation correction due to deterioration or its reversion has been recognised, the depreciations of the following financial years is adjusted by considering the new book value.

Notwithstanding the above, if the specific circumstances of the assets make it clear that there is an irreversible loss, this is directly recognised in losses from the tangible fixed assets in the profit and loss accounts.

In the 2019 financial year, the Company did not record losses due to deterioration of its tangible fixed assets.

c) Leases

Leases are classed as financial leases provided that it can be concluded from their conditions that the risks and benefits inherent in the ownership of the asset subject to the contract are substantially transferred to the lessee. Other leases are classified as operational leases.



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In the *operational lease* transactions, the ownership of the leased asset and substantially all the risks and advantages that inherent to the asset remain with the lessor. In this case, the leasing expenses are debited linearly in the profit and loss account in accordance with the agreements and on the term of the contract.

d) Financial Instruments

The company has recorded in the financial instruments section those contracts that result in a financial asset in a company and, at the same time, in a financial liability or in an equity instrument in another company. Therefore, we present the rules applicable to the following financial instruments:

Financial assets:

- Cash and other equivalent liquid assets.
- Loans due to commercial transactions: sundry clients and debtors.
- Loans to third parties: such as loans and financial credit granted.

Financial liabilities:

- Debits due to commercial transactions: sundry clients and debtors.
- Debts to credit institutions.
- Other financial liabilities: debts to third parties, such as loans and financial credit received from people or companies that are not credit institutions, guarantees and deposits received.



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Financial assets

1. Financial investments

Loans and receivables

In this category, the company includes clients from commercial transactions, sundry debtors, financial guarantees made and advances to staff.

Initial and Later Valuation.

These Financial Assets are initially valued at their fair value, which will be the price of the transaction and will be equal to the fair value of the consideration paid plus the transaction costs that are directly attributable to them.

Notwithstanding the above paragraph, loans for commercial transactions with a maturity of less than one year and that do not have a contractual interest rate, as well as advances and loans to staff, dividends receivable and payments demanded for equity instruments whose amount is expected to be received in the short term, they may be at their nominal value, when the effect of not updating the cash flows is not significant.

Notwithstanding the above, debts with maturities of no longer than one year that are initially valued at their nominal value will continue to be valued at that cost, unless they have deteriorated.

Also, at the end of the financial year, the necessary valuation corrections are made whenever there is a deterioration in the value of the financial assets.



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Financial guarantees paid

The deposits or financial guarantees paid in the guarantee of certain obligations are valued at the amount effectively paid, which does not significantly differ from their fair value.

Investments held until maturity

In this category, the company includes short-term deposits with the effective intention and ability to hold them until their maturity.

Initial and Later Valuation

These financial assets are initially valued at their fair value, which will be the price of the transaction and will be equal to the fair value of the consideration paid plus the transaction costs that are directly attributable to them.

At the end of the financial year, the financial assets included in this category will be valued at their amortised cost. Accrued interest will be recorded in the profit and loss account, applying the effective interest method.

Also, at the end of the financial year, the necessary valuation corrections are made whenever there is a deterioration in the value of the financial assets.

Classification of financial assets into current and non-current assets

Financial assets are classified, as a general rule, depending on their maturities, that is, as current if their maturity is less than or equal to twelve months and non-current if their maturity is greater than twelve months.



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Interest payments and dividends received from financial assets

The interest payments and dividends of financial assets accrued after the time of the acquisition are recognised as income in the profit and loss account. Interest payments are recognised by the effective interest rate method.

In the initial valuation of the financial assets, the amount of the explicit interest payments accrued and not due at said time is recorded separately depending on their due date.

Removal of financial assets

The Company shall remove a financial asset or part of it, when the rights over the cash flows of the corresponding financial asset expire or are transferred, and the risks and benefits inherent to its ownership have been transferred. In the specific case of accounts payable, it is understood that in general this fact occurs if the risks of insolvency and default have been transferred.

When the financial asset is removed, the difference between the consideration received, net of the attributable transaction costs, and the book value of the asset plus any accumulated amount that has been entered directly in the shareholders' equity, determines the resulting profit or loss from removing said asset and this becomes part of the results of the financial year when it occurred.

In contrast, in the transfers of financial assets where the risks and benefits inherent to their ownership are substantially retained, the Company does not remove financial assets and instead records a financial liability for the amount equal to the consideration received.

2. Cash and other equivalent liquid assets

Cash and bank, sight deposits and other short-term investments with high liquidity that can be quickly converted into cash and do not have any risk of changes in their value are recorded under this heading of the attached balance sheet.



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Financial liabilities

Debts and payables.

1. Long and short-term debts

In these headings, the Company records debts with credit institutions. They also include debts from loans with related parties with short and long-term maturities.

2. Commercial creditors and other accounts payable

In this heading, the Company records debts to suppliers and commercial creditors and remunerations pending payment for commissions and bonuses to staff.

Initial and Later Valuation.

The Company values these financial liabilities at their fair value, which will be the price of the transaction and will be equal to the fair value of the consideration received due to the transaction costs that are directly attributable to them.

Notwithstanding the above, the debts due to commercial transactions with maturities of not over one year and that do not have a contractual interest rate, as well as the payments demanded by third parties for shareholding, whose amount is expected to be paid in the short term, may be valued at their nominal value when the effect of not updating the cash flows is not significant.

At the end of the financial year, these financial liabilities will be valued at their amortised cost. Accrued interest will be recorded in the profit and loss account, applying the effective interest method.

Notwithstanding the above, debts with maturities of no longer than one year that are initially valued at their nominal value will continue to be valued at that cost.



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Classification of debts into current and non-current debts.

Debts are classified depending on their expiries, that is, as current debts if they have an expiry of less than or equal to twelve months and non-current debts if they have an expiry of greater than twelve months.

Removal of financial liabilities

The Company will remove a financial liability when the obligation has been extinguished.

e) Stock

Initial Valuation

The stock of products is valued at the average acquisition cost.

Given that the stock of the Company does not need a time period in excess of one year to be ready to be sold, financial expenses are not included in the acquisition price.

Later Valuation

When the net realisable value of the stock is lower than its acquisition price, the appropriate valuation corrections are made, recognising it as an expense in the profit and loss account.

If the circumstances that caused the correction to the stock value cease, the amount of the correction is subject to reversion, with it being recognised as income in the profit and loss account.

f) Transactions in foreign currencies

Transactions performed in foreign currencies are recorded in the functional currency of the Company (euros) at the exchange rates in force at the time of the transaction.



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During the financial year, the differences that occur between the entered exchange rate and that in force on the collection or payment date are recorded as financial results in the profit and loss account. The Company did not change the functional currency during the financial year, which is the euro.

Also, on 31st December of each year, the conversion is carried out of the balances receivable or payable arising from foreign currency transactions. The resulting differences are recorded as financial results in the profit and loss account.

g) Corporation Tax

The corporation tax expense is determined by adding the current tax expense and the deferred tax. The current tax expense is determined by applying the charge in force to the fiscal gain, and reducing the obtained result by the amount of the general deductions and discounts applied during the financial year.

Assets and liabilities due to deferred taxes come from the time differences defined as the amounts that are forecast as payable or recoverable in the future and arise from the difference between the book value of assets and liabilities and their tax base. Said amounts are recorded by applying the rate at which it is expected to recover or settle them to the time difference.

The assets due to deferred taxes, identified with deductible time differences, negative taxable bases and deductions pending payment are only recognised if it is considered likely that the company will have sufficient tax gains in the future against which it will be able to settle them.

At the end of each accounting year, the recorded deferred taxes are reviewed (both assets and liabilities) in order to verify that they are kept in force, making the appropriate corrections to them in accordance with the results of the analysis carried out.



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h) Income and expenditure

Income and expenditure are entered in accordance with the principle of accrual, that is, when the actual flow from the goods and services that they represent occurs, regardless of the time when the monetary or financial flow from them takes place.

However, the Company only enters the profits made on the closing date of the financial year, while the foreseeable risks and losses, although only possible, are entered as soon as they are known.

Discounts granted to clients are recognised at the time when it is likely that the conditions that determine their granting as a reduction in income due to sales are going to be fulfilled.

i) Provisions and contingencies

The existing obligations on the date of the balance sheet that arose as a consequence of past occurrences that could lead to monetary losses for the company whose amount and time of cancellation are undetermined, are recorded in the balance sheet as provisions at the current value of the most likely amount that the company estimates it will have to pay to cancel the obligation.

j) Environmental equity elements

The directors confirm that the Company does not have any environmental responsibilities, expenses, assets or provisions or contingencies that could significant affect its shareholders' equity, financial situation or results.

k) Criteria employed for the recording and valuation of staff expenditure

Except in the case of justified grounds, companies are obliged to compensate their employees when they dismiss them.



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In view of the absence of any foreseeable need for any unusual termination of employment and given that employees that retire or resign do not receive compensation, the payments for compensation, when they arise, are charges against expenditure when the decision is made to make the redundancy.

1) Criteria employed in transactions between related parties

Transactions between companies of the same group, regardless of their degree of relatedness, are entered in accordance with the general rules. The elements covered by the transactions will be entered at the beginning of the transaction at their fair value. The later valuation is carried out in accordance with the contents of the specific rules for the relevant accounts.

These valuation rules affect the related parties as specified in the 13th Regulation for the Preparation of Annual Accounts of the General Accounting Plan. In this respect:

- a) It shall be understood that a company forms part of the group when both are related due to a direct or indirect control relationship, similar to that set forth in article 42 of the Spanish Code of Commerce, or when the companies are controlled by any means by one or several legal persons that act jointly or are under one sole management due to agreements or statutory clauses.
- b) It shall be understood that a company is associated when, without being a group company in the sense already indicated, the company or dominant corporate bodies exercise significant influence over said associated company, as clearly defined in the aforementioned 13th Regulation for the Preparation of Annual Accounts.
- c) A party is considered as related to another when one of them exercises, or has the power to exercise either directly or indirectly, or by virtue of pacts or agreements between shareholders or unit-holders, control over the other or has a significant influence in the taking of financial and operational decisions over the other, as clearly set forth in the 13th Regulation for the Preparation of Annual Accounts.



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In addition to group companies, multi-group companies and associates, parties related to the Company are considered to be any natural persons that directly or indirectly have some holding in the voting rights of the Company, or in its controlling Company, that would allow said person to exercise significant influence over one or the other, as well as close family members, key personnel of the Company or its controlling Company (natural persons with authority and responsibility over the planning, management and control of the activities of the company, whether directly or indirectly), which include directors and managers and their close family members, as well as the entities over which the aforementioned persons could exercise a significant influence. Companies that share a director or manager with the Company are also considered as related parties, except when this person does not exercise a significant influence on the financial and operating policies of either and, if appropriate, the close family members of the natural person acting as representative of the Director, a legal person, of the Company.

The transactions carried out during the 2019 financial year relate entirely to the sale of medicines, and medicine control, test and issuing activities and the provision of financial services between group companies.



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V. INTANGIBLE FIXED ASSETS

The movement of this section of the balance sheet during the financial year ended on 31st December 2019 and 2018 is as follows:

DESCRIPTION	MOVEMENTS IN EUROS			BALANCE ON 31/12/2019
	BALANCE ON 31/12/2018	ADDITIONS	REMOVALS	
Brand	101.275,98	0,00	0,00	101.275,98
Pharmaceutical specialities	1.990.771,95	0,00	0,00	1.990.771,95
Computer software	230.276,20	240,00	0,00	230.516,20
Total gross intangible fixed assets	2.322.324,13	240,00	0,00	2.322.564,13
Minus accumulated amortisation				
Brand A.A.	-129.028,76	0,00	0,00	-129.028,76
Pharmaceutical specialities A.A.	-1.963.019,17	0,00	0,00	-1.963.019,17
Computer software A.A.	-230.276,20	-240,00	0,00	-230.516,20
Total amortisation	-2.322.324,13	-240,00	0,00	-2.322.564,13
NET INTANGIBLE FIXED ASSETS	0,00			0,00

DESCRIPTION	MOVEMENTS IN EUROS			BALANCE ON 31/12/2018
	BALANCE ON 31/12/2017	ADDITIONS	REMOVALS	
Brand	101.275,98	0,00	0,00	101.275,98
Pharmaceutical specialities	1.990.771,95	0,00	0,00	1.990.771,95
Computer software	230.066,20	210,00	0,00	230.276,20
Total gross intangible fixed assets	2.322.114,13	210,00	0,00	2.322.324,13
Minus accumulated amortisation				
Brand A.A.	-101.275,98	0,00	0,00	-101.275,98
Pharmaceutical specialities A.A.	-1.963.019,17	-27.752,78	0,00	-1.990.771,95
Computer software A.A.	-227.259,18	-3.017,02	0,00	-230.276,20
Total amortisation	-2.291.554,33	-30.769,80	0,00	-2.322.324,13
NET INTANGIBLE FIXED ASSETS	30.559,80			0,00



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No circumstance occurred that represented a significant influence that affected the present financial year or future financial years and that could affect the estimates of useful lives and amortisation methods.

No valuation correction of the intangible fixed assets was made during the 2019 financial year.

There are totally amortised intangible fixed assets as of 31st December 2019 and 2018 as shown below:

Tot. Amort. Intangible Fixed Assets as of 31/12/2019	Book Value	Accumulated Amortisation
Brand	101.275,98	-101.275,98
Pharmaceutical specialities	1.990.771,95	-1.990.771,95
Computer software	230.516,20	-230.516,20
Total	2.322.564,13	-2.322.564,13

Tot. Amort. Intangible Fixed Assets as of 31/12/2018	Book Value	Accumulated Amortisation
Brand	101.275,98	-101.275,98
Pharmaceutical specialities	1.990.771,95	-1.990.771,95
Computer software	230.276,20	-230.276,20
Total	2.322.324,13	-2.322.324,13



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VI. TANGIBLE FIXED ASSETS

The movement of this section of the balance sheet during the financial year ended on 31st December 2019 is as follows:

DESCRIPTION	MOVEMENTS IN EUROS			BALANCE ON 31/12/2019
	BALANCE ON 31/12/2018	ADDITIONS	REMOVALS	
Land and (1)	486.263,97	0,00	0,00	486.263,97
Buildings (1)	1.255.286,23	0,00	0,00	1.255.286,23
Other facilities	10.796,53	0,00	0,00	10.796,53
Furniture	61.321,72	0,00	0,00	61.321,72
Inform. Proc. Equipment	68.264,82	835,45	0,00	69.100,27
Total Gross Tangible Fixed Assets	1.881.933,27	835,45	0,00	1.882.768,72
Minus Accumulated Amortisation				
Buildings A.A.	-190.151,51	-24.795,41	0,00	-214.946,92
Other facilities A.A.	-9.585,99	-799,69	0,00	-10.385,68
Furniture A.A.	-51.038,37	-3.815,15	0,00	-54.853,52
Inform. Proc. Equipment A.A.	-60.130,82	-4.808,13	0,00	-64.938,95
Total amortisation	-310.906,69	-34.218,38	0,00	-345.125,07
NET TANGIBLE FIXED ASSETS	1.571.026,58			1.537.643,65

(1) This property was acquired on 04/05/2011 with financing, on that date, of the company of the group ZYDUS INTERNATIONAL PRIVATE LIMITED.



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The movement of this section of the balance sheet during the financial year ended on 31st December 2018 is as follows:

DESCRIPTION	BALANCE ON 31/12/2017	MOVEMENTS IN EUROS		BALANCE ON 31/12/2018
		ADDITIONS	REMOVALS	
Land and (1)	486.263,97	0,00	0,00	486.263,97
Buildings (1)	1.255.286,23	0,00	0,00	1.255.286,23
Other facilities	10.796,53	0,00	0,00	10.796,53
Furniture	61.321,72	0,00	0,00	61.321,72
Inform. Proc. Equipment	66.479,82	1.785,00	0,00	68.264,82
Total Gross Tangible Fixed Assets	1.880.148,27	1.785,00	0,00	1.881.933,27
Minus Accumulated Amortisation				
Buildings A.A.	-165.304,95	-24.846,56	0,00	-190.151,51
Other facilities A.A.	-8.784,65	-801,34	0,00	-9.585,99
Furniture A.A.	-46.735,53	-4.302,84	0,00	-51.038,37
Inform. Proc. Equipment A.A.	-54.125,78	-6.005,04	0,00	-60.130,82
Total amortisation	-274.950,91	-35.955,78	0,00	-310.906,69
NET TANGIBLE FIXED ASSETS	1.605.197,36			1.571.026,58

The registration data of the property that the company has under the Tangible Fixed Assets heading are as follows:

DESCRIPTION	m ₂	REGISTERED PROPERTY	PROPERTY REGISTRY	CHARGE
Land and office building	594	Sec.2 N°:48227	POZUELO DE ALARCÓN	NONE

No circumstance occurred that represented a significant influence that affected the present financial year or future financial years and that could affect the estimates of useful lives and amortisation methods.

No valuation correction of the tangible fixed assets was carried out.



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There are totally amortised tangible fixed assets as of 31st December 2019 and 2018 as shown below:

Tot. Amort. Tangible Fixed Assets as of 31/12/2019	Book Value	Accumulated Amortisation
Tools	2.755,12	-2.755,12
Furniture	24.042,21	-24.042,21
Inform. Proc. Equipment	44.126,41	-44.126,41
Total	70.923,74	-70.923,74

Tot. Amort. Tangible Fixed Assets as of 31/12/2018	Book Value	Accumulated Amortisation
Tools	2.755,12	-2.755,12
Furniture	24.042,21	-24.042,21
Inform. Proc. Equipment	44.126,41	-44.126,41
Total	70.923,74	-70.923,74

The policy of the Company is to contract insurance policies in order to cover the possible risks that the various elements of its tangible fixed assets are subject to. The management reviews the coverages and the covered elements annually, or as required by circumstances, and the sums that should reasonably be covered for the following year are agreed.

VII. FINANCIAL ASSETS, EXCEPT FOR INVESTMENTS IN THE EQUITY OF GROUP COMPANIES, MULTI-GROUP COMPANIES AND ASSOCIATES

VII.1. Long-term Financial Instruments

The composition of the balance of short-term financial assets, without including cash and other equivalent assets, on 31st December 2019 and 2018, by category, is as follows:

LONG-TERM FIN. INSTRUMENTS TYPES	LOANS, DERIVATIVES AND OTHERS		TOTAL	
	31/12/2019	31/12/2018	2019	2018
<u>Loans and receivables</u>				
Other financial assets (1)	72.587,36	0,00	72.587,36	0,00
TOTAL	72.587,36	0,00	72.587,36	0,00



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(1) The detail of the heading of the balance sheet "Long-Term Financial Investments" on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
Financial guarantees paid (1a)	72.587,36	0,00
TOTAL AMORTISED COST	72.587,36	0,00
TOTAL	72.587,36	0,00

(1a) This item relates to the guarantees paid to respond to the obligations derived from the renting contracts and whose duration is four years. These guarantees are accounted for by the initial disbursement amount.

VII.2. Short-term Financial Instruments

The composition of the balance of short-term financial assets, without including cash and other equivalent assets, on 31st December 2019 and 2018, by category, is as follows:

SHORT-TERM FIN. INSTRUMENTS TYPES	LOANS, DERIVATIVES AND OTHERS		TOTAL	
	31/12/2019	31/12/2018	2019	2018
Loans and receivables				
Commercial debtors and other accounts receivable (1)	3.379.048,57	2.821.346,70	3.379.048,57	2.821.346,70
Other financial assets (2)	11.302,50	11.302,50	11.302,50	11.302,50
Investments held until maturity (2)	90.000,00	90.000,00	90.000,00	90.000,00
TOTAL	3.480.351,07	2.922.649,20	3.480.351,07	2.922.649,20



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(1) The detail of this heading "Commercial Debtors and other Receivables" of the balance sheet, which includes the debit balances with public administrations, on 31st December 2019 and 2018, is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
Customers	2.111.949,71	2.291.437,70
Doubtful accounts	173.001,39	171.578,93
Impairment in value of trade transaction credits (1a)	-173.001,39	-171.578,93
Customers, group and associated companies (1b)	1.249.298,86	514.509,00
Sundry debtors	17.800,00	15.400,00
TOTAL FINANCIAL ASSETS: COMMERCIAL DEBTORS	3.379.048,57	2.821.346,70
Debit balances with the Tax Office (1c)	82.597,34	24.033,88
PUBLIC ADMINISTRATIONS BALANCES TOTAL	82.597,34	24.033,88
TOTAL	3.461.645,91	2.845.380,58

(1a) The detail of the valuation correction movement of credits for commercial transactions during the 2019 and 2018 financial years is as follows:

DESCRIPTION	MOVEMENT IN EUROS			
	BALANCE 31/12/2018	IMPAIRMENT LOSSES	IMPAIRMENT REVERSAL	BALANCE 31/12/2019
Impairment of value of credits for commercial transactions	-171.578,93	-6.457,72	5.035,26	-173.001,39
TOTAL	-171.578,93	-6.457,72	5.035,26	-173.001,39

DESCRIPTION	MOVEMENT IN EUROS			
	BALANCE 31/12/2017	IMPAIRMENT LOSSES	IMPAIRMENT REVERSAL	BALANCE 31/12/2018
Impairment of value of credits for commercial transactions	-191.425,92	-7.153,92	27.000,91	-171.578,93
TOTAL	-191.425,92	-7.153,92	27.000,91	-171.578,93

(1b) The detail of the balances receivable with group companies on 31st December 2019 and 2018 is shown in note XVIII.b. of this report.



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(1c) The detail of the debit balances with the Public Administration on 31st December 2019 and 2018 is shown in note XII.2. of this report.

(2) The detail of the heading of the balance sheet "Short-Term Financial Investments" on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
Financial guarantees paid (2a)	11.302,50	11.302,50
Banco Sabadell fixed-term deposit account (2b)	90.000,00	90.000,00
TOTAL AMORTISED COST	101.302,50	101.302,50
TOTAL	101.302,50	101.302,50

(2a) This item relates to the financial guarantees paid to obtain fuel cards. Said entry will not be valued at the amortised cost, because they do not incur any kind of interest whatsoever. It is recorded at the amount paid.

(2b) Relates to a fixed-term deposit account with the bank Banco Sabadell. This fixed-term deposit account is pledged in order to guarantee compliance of several renting contracts.

Cash and other equivalent liquid assets

The information on cash and cash equivalents is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
Cash EUROS	937.802,26	783.312,93
TOTAL	937.802,26	783.312,93

Total cash and cash equivalents are included in the statement of cash flows.



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VIII. FINANCIAL LIABILITIES

VIII.1. Long-term Financial Instruments

The composition of the balance of long-term financial instruments on 31st December 2019 and 2018 is as follows:

TYPES CATEGORIES/DESCRIPTION	LONG-TERM FINANCIAL INSTRUMENTS			
	DERIVATIVES AND OTHERS		TOTAL	
	31/12/2019	31/12/2018	2019	2018
Financial liabilities at amortised cost				
Long-term debts with group companies and associates (1)	1.600.000,00	1.600.000,00	1.600.000,00	1.600.000,00
TOTAL	1.600.000,00	1.600.000,00	1.600.000,00	1.600.000,00

(1) The total amount relates to a pending long-term participation loan with the group company ZYDUS INTERNATIONAL PRIVATE LIMITED. The detail of said loan is as follows:

LOAN DATE	IN EUROS	PENDING	MAT	MINIMUM INTEREST
	AMOUNT GRANTED	LONG-TERM		
16/02/2012	1.600.000,00	1.600.000,00	14/02/2021	EURO LIBOR at six m. + 0,75 %
TOTAL		1.600.000,00		

According to the sets of clauses of the contract of said loan, the following is established among other agreements:

-As payment for the aforementioned loan, a variable annual interest rate will be incurred equal to 1% of the Net Profits of the Borrower. However, the Loan shall not under any circumstances incur an interest rate of less than the EURO LIBOR at six months + X basic points. Therefore, if the 1% of the Net Profits of the Borrower is less than the EURO LIBOR + "X" basic points, this amount shall be what must be paid as interest. On 1st April 2016, the parties agreed to reduce the spread to 0.75%.

-The participation loan has a planned term of 5 years. -The total amount of the principal of the Loan shall be repaid by the borrower, in a single payment, at the end of the term of this Contract. The Parties may, by mutual agreement, extend the term of the Loan for successive periods of ONE YEAR. The parties have agreed to extend the loan for one year more.



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-The Loan may be repaid totally or partially before the expiry date of this Contract without any penalisation. The repayment of the Loan may be made, at the request of the Borrower, either through its settlement in cash or through its capitalisation and awarding to the Lender of the Borrower's shares issued through an increase in share capital that shall be agreed by the General Shareholders' Meeting of the Borrower.

In accordance with the provisions of letter d) of article 20.1 of Royal Legislative Decree 8/1996 of 8th June, on Urgent Fiscal Measures and the Promotion and Deregulation of Economic Activity, the participation loans shall be considered as the net book value of the Company for the purposes of capital reduction and liquidation of companies as provided for in commercial legislation.

The detail by maturities of the entire debt in the short and long term for loans with group companies in force on 31st December 2019 is as follows:

MAT. YEAR	IN EUROS AMOUNT
2020	108.133,21
2021	1.600.000,00
TOTAL	1.708.133,21



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VIII.2. Short-term Financial Instruments

The composition of the balance of short-term financial instruments on 31st December 2019 and 2018, by categories, is as follows:

TYPES	SHORT-TERM FINANCIAL INSTRUMENTS			
	DERIVATIVES AND OTHERS		TOTAL	TOTAL
	31/12/2019	31/12/2018	2019	2018
CATEGORIES/DESCRIPTION				
Debts and payables				
-Short-term debts with group companies and associates (1)	108.133,21	101.486,07	108.133,21	101.486,07
-Commercial creditors and other accounts payable (2)	4.045.887,42	2.608.746,00	4.045.887,42	2.608.746,00
TOTAL	4.154.020,63	2.710.232,07	4.154.020,63	2.710.232,07

(1) The detail of the heading of the balance sheet "Short-Term Debts with Group Companies and Associates" on 31st December 2019 and 31st December 2018 is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
Participative loans interest (1a)	108.133,21	101.486,07
TOTAL	108.133,21	101.486,07

(1a) Relates to the interest accrued on 31st December 2019 of the participation loans granted by the group company ZYDUS INTERNATIONAL PRIVATE LIMITED.



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(2) The detail of the heading "Commercial Debtors and other Payables" of the balance sheet, which includes the credit balances with public administrations, on 31st December 2019 and 2018, is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
Suppliers	606.204,86	465.950,82
Suppliers, invoices pending receipt	837.437,91	596.159,06
Suppliers, group companies (2a)	1.966.031,97	1.099.873,25
Commercial creditors	483.246,93	320.781,87
Remunerations pending payment: bonuses and commissions	152.965,75	125.981,00
TOTAL FINANCIAL LIABILITIES: COMMERCIAL CREDITORS	4.045.887,42	2.608.746,00
Credit balances with the Tax Office (2b)	74.861,80	68.399,51
TOTAL PUBLIC ADMINISTRATION BALANCES	74.861,80	68.399,51
TOTAL	4.120.749,22	2.677.145,51

(2a) The detail of the payable balances with group companies on 31st December 2019 and 2018 is shown in note XVIII.b. of this report.

(2b) The detail of the credit balances with the Public Administration on 31st December 2019 and 2018 is shown in note XII.2. of this report.

IX. FINANCIAL RISK MANAGEMENT

The activities of the company are exposed to various financial risks: market risks, which is basically the interest rate risk, credit risks and liquidity risks. The management programme for the global risk of the company is focused on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on its financial profitability.



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Risk management is controlled by the Financial Department of the Company, which identifies, assesses and covers financial risks in accordance with the policies approved by the Board of Directors. The Board of Directors provides the written policies for the global risk management.

1. Market risk.

a) Exchange rate risk, if there is any. The management of this risk considers transaction risks arising from having to collect or pay cash flows in a currency other than the euro.

b) Price risk. The management of this risk is performed through the active management of purchases, by maintaining long-term agreements with its main suppliers.

c) Interest rate risk. This risk arises from long and short-term borrowed capital. Borrowed capital issued at variable interest rates exposes the company to interest rate risks on cash flows.

2. Credit risk.

The Credit Risk management policy defined by the Management of the company has established a very rigorous control of its clients, not supplying them with new orders in the event of the non-payment of previous invoices, and these clients being banned by the computer system.

The credit risk of the Company is managed by the Commercial and Financial Departments, depending on each of the stages of the risk cycle: admission, monitoring and management.

a) Admission: The establishment of the risk limits for new clients based on the following parameters:

-Analysis of economic/financial information about each client.

-Provision of additional guarantees: bank guarantees, property etc.



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b) **Monitoring:** Monitoring of the compliance with the limits established for each client is performed on a daily basis, based on the internal control procedures established in the company. Possible excesses are analysed by the Financial Department in collaboration with the Commercial Department in order to establish measures that will make it possible to reduce this risk.

c) **Payment:** the Treasury/Accounts Department manages the payment of invoices when they are due.

3. Liquidity risk.

Prudent liquidity risk management involves the holding of sufficient cash and negotiable securities, the availability of financing through a sufficient number of committed credit facilities and having the ability to liquidate market positions. The objective of the Treasury Department of the company is to maintain flexibility in financing through the availability of committed credit lines.

The financial management monitors the forecasts for the liquidity reserve of the company, which includes the credit facilities and the cash and cash equivalents depending on the expected cash flows.

X. OWN FUNDS

The movement of the Own Funds during the financial year that ended on 31st December 2019, before the distribution of the results, was as follows:

DESCRIPTION	IN EUROS			
	BALANCE ON 31/12/2018	ADDITIONS	REMOVALS	BALANCE ON 31/12/2019
Declared share capital	7.482.266,00	0,00	0,00	7.482.266,00
Share premium	21.536.540,00	0,00	0,00	21.536.540,00
Voluntary reserves	-10.051,50	0,00	0,00	-10.051,50
Losses from prev. fin. yr.	-27.187.923,87	-162.776,71	0,00	-27.350.700,58
Other contributions from shareholders	1.500.000,00	0,00	0,00	1.500.000,00
Profits and losses	-162.776,71	77.119,33	162.776,71	77.119,33
TOTAL	3.158.053,92	-85.657,38	162.776,71	3.235.173,25



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The movement of the Own Funds during the financial year that ended on 31st December 2018, before the distribution of the results, was as follows:

DESCRIPTION	IN EUROS			BALANCE ON 31/12/2018
	BALANCE ON 31/12/2017	ADDITIONS	REMOVALS	
Declared share capital	7.482.266,00	0,00	0,00	7.482.266,00
Share premium	21.536.540,00	0,00	0,00	21.536.540,00
Voluntary reserves	-10.051,50	0,00	0,00	-10.051,50
Losses from prev. fin. yr.	-26.408.166,60	-779.757,27	0,00	-27.187.923,87
Other contributions from shareholders	1.500.000,00	0,00	0,00	1.500.000,00
Profits and losses	-779.757,27	-162.776,71	779.757,27	-162.776,71
TOTAL	3.320.830,63	-942.533,98	779.757,27	3.158.053,92

a) Share capital

On 31st December 2019, the share capital was represented by 7,482,266 shares with a par value of 1 euro each, fully subscribed and paid up. All the shares have the same voting and economic rights.

On 31st December 2019, 100% of the share capital belonged to the Company ZYDUS NETHERLANDS B.V. with tax identification number (N.I.F.) 34265624 and registered office in AMSTELDIK 166, 1089 AMSTERDAM (HOLLAND).

Article 363 of the Capital Company Act (Royal Legislative Decree 1/2010 of 2nd July) establishes that a company must be dissolved if there are losses that leave the net book value at less than the share capital, unless this equity is increased or the share capital reduced as necessary.

The sustained losses incurred by the company are the result of an expansive strategy and a medium and long-term business plan that also includes the firm commitment of the shareholder to provide the company with the liquidity required to continue operating as normal in accordance with its long-term business plan.



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In accordance with the provisions of letter d) of article 20.1 of Royal Legislative Decree 8/1996 of 8th June, on Urgent Fiscal Measures and the Promotion and Deregulation of Economic Activity, the participation loans shall be considered as the net book value of the Company for the purposes of capital reduction and liquidation of companies as provided for in commercial legislation.

The detail of the historic movement of the participation loans received by the Company as of 31st December 2019 is as follows:

DESCRIPTION	DATE GRANTED	MATURITY DATE	AMOUNT
EQUITY AT 31/12/2019	N/A	N/A	3.235.173,25
Participation loan	16/02/2012	14/02/2020	1.600.000,00
EQUITY AT 31/12/2019 according to art. 20.1 of RLD 7/1996 of 7th June	N/A	N/A	4.835.173,25

b) Share premium

The share premium is freely distributable.

c) Legal Reserve

In accordance with the Capital Companies Act, this is not distributable to shareholders until it exceeds 20% of the share capital, and may only be used if there are no other available reserves, to offset losses. This reserve may also be used to increase share capital by the amount that exceeds 10% of the already increased capital.

d) Voluntary Reserves

The voluntary reserves are negative, due to the adjustment made in 2008 for adaptation to the General Accounting Plan approved by Royal Decree 1514/2008 of 16th November.



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e) Contributions by shareholders to offset losses

These include the sums paid by the shareholders or owners for the offsetting of losses. On 2nd June 2008 the Shareholders' General Meeting with all shareholders present decided to provide the sum of 1,500,000.00 euros to offset losses.

XI. STOCK

The composition of the balance of pharmaceutical products stock on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS		VARIATION IN EUROS
	31/12/2019	31/12/2018	
Product stock	2.944.202,43	2.450.575,16	493.627,27
In-progress product stock (in transit)	100.013,11	47.218,96	52.794,15
Stock impairment of value (1)	-107.943,86	-207.294,00	
TOTAL	2.936.271,68	2.290.500,12	546.421,42

The company has sufficient insurance policies to cover the risks that stock is subject to and for civil liability for damages to third parties.

The stock is free of charges.

(1) The detail of the valuation correction movement of the products during the 2019 and 2018 financial years is as follows:

DESCRIPTION	MOVEMENTS IN EUROS			
	BALANCE 31/12/2018	IMPAIRMENT LOSSES	IMPAIRMENT REVERSAL	BALANCE 31/12/2019
Product value impairment	-207.294,00	-107.943,86	207.294,00	-107.943,86
TOTAL	-207.294,00	-107.943,86	207.294,00	-107.943,86

DESCRIPTION	MOVEMENTS IN EUROS			
	BALANCE 31/12/2017	IMPAIRMENT LOSSES	IMPAIRMENT REVERSAL	BALANCE 31/12/2018
Product value impairment	-228.044,07	-207.294,00	228.044,07	-207.294,00
TOTAL	-228.044,07	-207.294,00	228.044,07	-207.294,00

The circumstances that motivated the valuation correction of stock are obsolescence, expiry dates, and deterioration, which reduces the possible realisable value.



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XII. TAX SITUATION

XII.1. Corporation tax

Corporation Tax for the financial year is calculated based on the book income, which is obtained by applying the generally accepted accounting principles and does not necessarily have to agree with the taxable income, which is understood as the tax basis of the aforementioned tax.

The conciliation of the book income of the 2019 financial year with the corporation tax taxable base is as follows:

2019 FINANCIAL YEAR	Profit and Loss Account		
	Financial year result		
Income and expenses balances for the financial year	77.119,33		
	Increases	Reductions	Net effect
Permanent Differences:			
2019 Corporation Tax (1)	3.360,47	0,00	3.360,47
Temporary Differences:			
30% amortisation limit (1)	0,00	-13.441,86	-13.441,86
Taxable base (tax result)	67.037,94		
Negative tax bases from previous financial years	-67.037,94		
Cuota íntegra 25%	0,00		
Corporation Tax Refund	0,00		



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The conciliation of the book income of the 2018 financial year with the corporation tax taxable base is as follows:

2018 FINANCIAL YEAR	Profit and Loss Account Financial year result		
Income and expenses balances for the financial year	-162.776,71		
	Increases	Reductions	Net effect
Permanent Differences:			
2018 Corporation Tax (1)	3.360,47	0,00	3.360,47
Temporary Differences:			
30% amortisation limit (1)	0,00	-13.441,86	-13.441,86
Taxable base (tax result)	-172.858,10		
Corporation Tax Refund	0,00		

(1) The detail of the composition of the item "Corporation Tax" in the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	AMOUNT 2019	AMOUNT 2018
Current Corporation Tax	0,00	0,00
Deferred Corporation Tax	3.360,47	3.360,47
TOTAL EXPENSE	3.360,47	3.360,47

The limitation on tax-deductible amortisations (16/2012 Act of 27th December), generated an asset in the 2014 financial year due to deductible temporary differences worth 40,325.59 euros. This asset began to be reverted in 2015 at the rate of 10% per annum.

The detail of the movement in the Deferred Tax Assets heading in the balance sheet for the year ended 31 December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS				
	BALANCE 31/12/2017	ADDITIONS/ (REMOVALS)	BALANCE 31/12/2018	ADDITIONS/ (REMOVALS)	BALANCE 31/12/2019
Assets for deferred tax	23.523,26	-3.360,47	20.162,79	-3.360,47	16.802,32
TOTAL	23.523,26	-3.360,47	20.162,79	-3.360,47	16.802,32



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On 31st December 2019 the company had the following negative taxable bases to be offset against future profits:

YEAR OF ORIGIN	Pending application at the beginning of the period	Applied in this settlement	Pending application in future periods
2006	334.124,96	-67.037,94	267.087,02
2007	1.830.559,84	0,00	1.830.559,84
2008	2.482.037,62	0,00	2.482.037,62
2009	3.087.548,46	0,00	3.087.548,46
2010	3.354.499,49	0,00	3.354.499,49
2011	3.463.026,16	0,00	3.463.026,16
2012	3.081.097,39	0,00	3.081.097,39
2013	2.511.952,16	0,00	2.511.952,16
2014	3.825.897,25	0,00	3.825.897,25
2015	2.038.027,15	0,00	2.038.027,15
2016	763.198,40	0,00	763.198,40
2017	789.838,66	0,00	789.838,66
2018	172.858,10	0,00	172.858,10
TOTAL	27.734.665,64	-67.037,94	27.667.627,70

On June 25, 2018 the Tax Agency issued a certificate of conformity in relation to the inspection of Corporation Tax for the years 2012 and 2013, reducing the negative tax bases of previous years in a total of 1,003,018.37 euros.

In accordance with article 26 of Law 28/2014, dated November 27, Corporate Income Tax, negative tax bases that have been subject to settlement or self-assessment may be offset against positive income for the following tax periods taking into account the limitations established therein.

In the attached balance sheet, the Company has not recorded any asset for deferred tax relating to the tax losses of the financial year.

The financial years open to inspection include the last four financial years. The tax declarations cannot be considered as definitive until their lapsing or acceptance by the tax authorities, and regardless of the fact that tax legislation is liable to interpretations. The Governing Body considers that any additional tax liability that could arise as a consequence of a possible inspection will not have any significant effect on the annual accounts taken as a whole.



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XII.2. Balances with Public Administrations

The detail of the debit balances with Public Administrations on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2019	BALANCE ON 31/12/2018
VAT receivable	82.597,34	22.819,72
2011 tax refund	0,00	250,26
2012 tax refund	0,00	472,50
2013 tax refund	0,00	491,40
TOTAL	82.597,34	24.033,88

The detail of the credit balances with Public Administrations on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	BALANCE ON 31/12/2018	BALANCE ON 31/12/2017
Creditor Public Treasury IRPF	36.508,64	33.696,69
Social Security Creditor Organisations	38.377,05	34.702,82
IVA output national	-23,89	0,00
TOTAL	74.861,80	68.399,51

XIII. INCOME AND EXPENSES

a) Supplies

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2019	2018
Product purchases (1)	4.744.253,80	4.857.039,08
Stock variation	546.421,42	-196.826,16
Losses due to deterioration of stock	107.943,86	207.294,00
Reversal of deterioration of stock	-207.294,00	-228.044,07
TOTAL	5.191.325,08	4.639.462,85



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(1) The percentage of purchases, by geographical market relating to the financial year ending on 31st December 2019 and 2018, is as follows:

DESCRIPTION	PERCENTAGE	
	2019	2018
National Purchases	48,24%	49,28%
EU Intra-Community Purchases	10,93%	7,91%
Imports	40,83%	42,81%
TOTAL	100,00%	100,00%

b) Staff Expenses

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2019	2018
Wages and salaries	1.886.038,55	1.717.888,48
Compensation payments	3.527,28	0,00
Social security paid by the company	393.667,86	364.840,88
Other social expenses	16.720,00	14.135,00
TOTAL	2.299.953,69	2.096.864,36

c) Other operating expenses

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2019	2018
Leases and fees (1)	520.041,34	510.547,93
Repairs and maintenance	10.355,63	4.117,48
Professional services	195.409,46	78.691,86
Transport	709.603,06	623.228,59
Insurance premiums	28.144,12	34.167,55
Banking and similar services	4.247,28	3.931,88
Publicity and advertising	1.205.808,89	912.601,35
Supplies	94.177,12	84.184,70
Other services	274.485,59	405.655,81
Other taxes	656.866,04	755.680,25
Losses due to commercial bad debts	0,00	1.781,49
Losses from impairment of loans due to commercial transactions	6.457,72	7.153,92
Reversal of impairment of loans due to commercial transactions	-5.035,26	-27.000,91
TOTAL	3.700.560,99	3.394.741,90



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(1) The balance of this item of the profit and loss account includes the payment of the instalments for renting transactions and a variable amount for the overall management of the stock logistics.

The list of the renting contracts as of 31st December 2019 is as follows:

COMPANY	IN EUROS	
	NET MONTHLY PAYMENT	MATURITY
ALD RENTING	354,58	31/12/2019
ALD RENTING	379,69	31/12/2019
ALD RENTING	409,23	31/12/2019
ALD RENTING	409,23	31/12/2019
ALD RENTING	354,58	31/12/2019
ALD RENTING	379,69	31/01/2020
ALD RENTING	342,16	31/01/2020
ALD RENTING	489,55	29/02/2020
ALD RENTING	380,01	29/02/2020
ALD RENTING	518,89	29/02/2020
ALD RENTING	394,54	30/04/2020
ALD RENTING	598,00	30/09/2020
ALD RENTING	774,76	31/10/2020
ALD RENTING	918,96	30/11/2020
ALD RENTING	456,22	30/06/2021
ALD RENTING	456,22	31/07/2021
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	28/11/2023
ALPHABET RENTING	383,33	04/12/2023
ALPHABET RENTING	436,60	30/10/2023
ALPHABET RENTING	610,56	08/12/2024
ANTIUN (20 TABLETS)	432,00	29/07/2020
ANTIUN (4 TABLETS)	113,20	13/07/2021
ANTIUN (2 TABLETS)	64,40	N/D
TOTAL	11.956,38	



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d) Other profits or losses

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2019	2018
Exceptional expenses	1.741,37	0,00
Exceptional income	-76.376,69	1.035,95
TOTAL	-74.635,32	1.035,95

e) Financial expenses and similar expenses

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2009	2018
Interest on debts with group companies (1)	6.647,14	7.104,52
Interest on debts with credit institutions	0,00	0,00
TOTAL	6.647,14	7.104,52

(1) Said interest payments relate to those accrued by the participation loan granted by the group company ZYDUS INTERNATIONAL PRIVATE LIMITED. The detail is shown in note XVIII of this report.



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f) Net turnover

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2019	2018
Sales	13.650.150,58	12.580.030,41
Provision of services	1.843.906,34	958.140,02
Returns on product sales	-933.922,21	-270.968,40
Volume discounts on sales	-3.979.388,89	-3.737.533,02
TOTAL	10.580.745,82	9.529.669,01

The figure that is shown in the profit and loss account relates to the turnover of the Company in terms of the sales of medicines and pharmaceutical products in general for health care; said business is carried out throughout Spain and constitutes the corporate purpose of the Company, in accordance with its articles of association.

The Company offers significant volume discounts to its clients in order to gain loyalty and expand its client portfolio.

The Company considers the requirements contained in Royal Legislative Decree 1/2015, of 24th July to have been complied with, regarding commercial actions with clients and third parties.

g) Other operating revenues

The detail of this item of the profit and loss account on 31st December 2019 and 2018 is as follows:

DESCRIPTION	IN EUROS	
	2019	2018
Non-core and other current operating revenues (1)	657.957,00	514.509,00
TOTAL	657.957,00	514.509,00

(1) Corresponds to the re-billing of expenses of supply and distribution to a group company. See note XVIII of this report.



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XIV. PROVISIONS AND CONTINGENCIES

The detail of the movement of this heading of the balance sheet during the financial year that ended on 31st December 2019 is as follows:

DESCRIPTION	IN EUROS			
	BALANCE ON 31/12/18	ADDITIONS	REMOVALS/ PAYMENTS	BALANCE ON 31/12/19
Short-term provisions	75.000,00	0,00	-75.000,00	0,00
TOTAL	75.000,00	0,00	-75.000,00	0,00

DESCRIPTION	IN EUROS			
	BALANCE ON 31/12/17	ADDITIONS	REMOVALS/ PAYMENTS	BALANCE ON 31/12/18
Short-term provisions	180.000,00	0,00	-105.000,00	75.000,00
TOTAL	180.000,00	0,00	-105.000,00	75.000,00

XV. INFORMATION ON THE ENVIRONMENT

The Governing Body of LABORATORIOS COMBIX, S.L.U. considers the environmental risks that could arise from its business as minimal and, in any case, adequately covered, and considers that no additional liabilities will arise related to said risks.

The Company has not incurred any expenses or received any subsidies related to said risks during the financial year ended on 31st December 2019.



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XVI. EVENTS AFTER THE END OF THE FINANCIAL YEAR

In accordance with its multi-year business plan, the shareholders of the Company have a firm commitment to make sufficient contributions of liquidity so that the Company can continue operating as usual. There are various instruments through which they provide liquidity, such as: capital increases, participation loans, bank loans and lines of credit, etc.

On January 5, 2020, the Company renewed the participative loan with the company of the ZYDUS INTERNATIONAL PRIVATE LIMITED group for a further year until February 14, 2021.

On January 28, 2020, the Company's Board of Directors unanimously approved the dismissal of the Non-Board Secretary, Don César Ramos López, and the appointment, for the statutory period, of Don Francisco-Jesús Largo Llorente.

COVID-19, more popularly known as coronavirus - has become a health emergency globally affecting citizens, businesses and the wider economy, to the point that the World Health Organization (WHO) has declared it a pandemic both for its rapid expansion and its effects. Initially recognized in China - in the town of Wuhan - in December 2019, at the date of formulation of these annual accounts, according to WHO sources, coronavirus is expanded by most territories in the world, including Spain. Such a serious situation is not only damaging people's health, the effects on the economy and particularly SMEs are still difficult to quantify, their progression is still exponential. The European Commission (EC) dated 13 March 2020 already estimated a drop of 2.5 percentage points on the GDP of the euro area, highlighting the side-effects this pandemic will have on the economy.

The Board of Directors of the Company considers that the situation will not have a significant impact on its annual accounts for the 2019 financial year, but it does on its forecasts for the financial year 2020, as will happen with most Spanish companies. The Company does not anticipate that the pandemic will have a major impact on its business because the activity it develops is legally recognized as a critical and essential activity that must maintain its operation and operation throughout the crisis.



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Today, and in the face of the rapidity with which events around the world are changing caused by the effects of COVID-19, it is very difficult to assess or quantify the economic effects that, on all the assets and liabilities of the company, could cause this global pandemic to continue over time. Even government authorities are not able to determine when the end of this epidemic will be seen, making the future consequences, at all levels, virtually impossible to realize with regard to the total closure of certain activities, extreme limitations on the movement of people and possible discretionary arrangement of any type of good or service existing in the market.

After the end of the financial year and until the date of the preparation of these annual accounts, no relevant fact has occurred that might significantly affect the aforementioned annual accounts.

XVII. COMMITMENTS AT THE END OF THE FINANCIAL YEAR

On the date of the preparation of these Annual Accounts, the Company has several supply contracts for medicines. Said contracts, both verbal and written, have been entered into with various suppliers, with the main supplier being the controlling Company of the group, CADILA HEALTHCARE LIMITED.



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XVIII. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The information regarding transactions with parties related to the Company during the 2019 and 2018 financial years is included in the following tables:

XVIII.a. Transactions with related parties:

TRANSACTIONS WITH RELATED PARTIES IN THE 2019 FINANCIAL YEAR (Expenses and income accrued)	CONTROLLING COMPANY	OTHER GROUP COMPANIES
Provision of services (sales or income)	745.954,65	---
Receipt of services (purchases or expenses)	2.101.387,93	23.053,08
Expenses for interest accrued but not paid	---	6.647,14
Expenses for guarantees and endorsements received	0,00	---

TRANSACTIONS WITH RELATED PARTIES IN THE 2018 FINANCIAL YEAR (Expenses and income accrued)	CONTROLLING COMPANY	OTHER GROUP COMPANIES
Provision of services (sales or income)	514.509,00	---
Receipt of services (purchases or expenses)	1.520.057,56	13.845,77
Expenses for interest accrued but not paid	---	6.975,54
Expenses for guarantees and endorsements received	0,00	---

The total of the transactions with group companies relates to purchases of generic medicines, re-invoicing of costs of supply and distribution and the issuing of medicines and the accrual of interest charges and fees for loans and guarantees and were carried out at market prices, which are similar to those applied to unrelated organisations.

XVIII.b. Pending balances with related parties:

PENDING BALANCES WITH RELATED PARTIES IN THE 2019 FINANCIAL YEAR	CONTROLLING COMPANY	OTHER GROUP COMPANIES
A) CURRENT ASSETS		
2. Trade debtors and other accounts receivable	1.249.298,86	----
B) NON-CURRENT LIABILITIES		
1. Long-term debts	----	1.600.000,00
C) CURRENT LIABILITIES		
1. Short-term debts	----	108.133,21
3. Commercial creditors and other accounts payable		
b. Short-term suppliers	1.966.031,97	0,00

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PENDING BALANCES WITH RELATED PARTIES IN THE 2018 FINANCIAL YEAR	CONTROLLING COMPANY	OTHER GROUP COMPANIES
A) CURRENT ASSETS		
2. Trade debtors and other accounts receivable	514.509,00	----
B) NON-CURRENT LIABILITIES		
1. Long-term debts	----	1.600.000,00
C) CURRENT LIABILITIES		
1. Short-term debts	----	101.486,07
3. Commercial creditors and other accounts payable		
b. Short-term suppliers	1.099.873,25	0,00

The detail of transactions and balances with group companies during the 2019 financial year is as follows:

COMPANY	TRANSACTION		BALANCES	
	EXPENSES	INCOME	RECEIVABLE	PAYABLE
ZYDUS INTERNATIONAL PRIVATE LIMITED	6.647,14	---	---	1.708.133,21
CADILA HEALTHCARE LIMITED	2.101.387,93	745.954,65	1.249.298,86	1.966.031,97
ZYDUS FRANCE SAS	23.053,08	---	---	0,00
TOTAL	2.131.088,15	745.954,65	1.249.298,86	3.674.165,18

XVIII.c. The amounts received by the senior management staff of the Company are as follows:

DESCRIPTION	IN EUROS 2019	IN EUROS 2018
1. Wages, expenses and other remunerations	276.278,40	267.522,75
2. Obligations contracted related to pensions	N/A	N/A
3. Loans granted to the company	N/A	N/A
TOTAL	276.278,40	267.522,75

XVIII.d. The Governing Body did not receive any payment as remuneration for said work during the 2019 financial year. Neither was any loan, advance payment or similar payment made. There are no obligations contracted related to pensions or life insurance policies for the Governing Body.



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XVIII.e. In compliance with the provisions of the Consolidated Text of the Capital Companies Act, approved by Legislative Royal Decree 1/2010 of 2nd July, in its article 229, in order to improve transparency, listed below are the companies that the members of the Governing Body have interests in and/or have worked for on their own behalf or on behalf of third parties in the 2019 financial year and that have the same, similar or complementary type of business as that which constitutes the corporate purpose of LABORATORIOS COMBIX, S.L.U., also listing, if appropriate, the posts they held there:

NAME	COMPANY	BUSINESS	DUTIES
PRADIPSINH SOLANKI	ZYDUS INTERNATIONAL PRIVATE LIMITED	Financial	Gov. Body
PRADIPSINH SOLANKI	ZYDUS NETHERLANDS BV.	Financial	Gov. Body
PRADIPSINH SOLANKI	ETNA BIOTECH SRL	Pharmaceutical	Gov. Body
PRADIPSINH SOLANKI	ZYDUS FRANCE SAS	Pharmaceutical	President
KAMLESH KANUBHAI PATEL	ZYDUS INTERNATIONAL PRIVATE LIMITED	Financial	Director & Board Member
KAMLESH KANUBHAI PATEL	ZYDUS FRANCE SAS	Pharmaceutical	Director & Board Member
KAMLESH KANUBHAI PATEL	ETNA BIOTECH SRL	Pharmaceutical	Director & Board Member

The members of the Board of Directors have not reported any possible conflict of interest, either direct or indirect for the Company, as established by article 229.3 of the Capital Company Act.



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XIX. OTHER INFORMATION

XIX.a. The distribution of the workforce by categories and sexes at the end of the 2019 and 2018 financial years is as follows:

DESCRIPTION	TOTAL		MEN		WOMEN	
	2019 F. yr	2018 F. yr	2019 F. yr	2018 F. yr	2019 F. yr	2018 F. yr
Managing Director	1	1	1	1	0	0
Regulatory	3	3	0	0	3	3
Representatives	28	24	15	13	13	11
Administration/Finance	3	2	3	2	0	0
Marketing	2	2	0	0	2	2
Logistics	2	2	1	1	1	1
TOTAL	39	34	20	17	19	17

The average workforce for the 2019 and 2018 financial years, expressed by categories is as follows:

DESCRIPTION	TOTAL	
	2019 F. yr	2018 F. yr
Managing Director	1	1
Regulatory	3	3
Representatives	26	24
Administration/Finance	3	3
Marketing	2	2
Logistics	2	2
TOTAL	37	35

There are no staff employed in the course of 2019 and 2018 with a disability greater than or equal to 33%.

XIX.b. There is no commitment regarding pensions or similar to the workers of the Company.

XIX.c. The Company has granted guarantees to vehicle rental companies worth 90,000.00 euros.

XIX.d. The fees received in the 2019 and 2018 financial years by the auditors amounted to 8,000.00 euros and 15,000.00 euros respectively, according to the following detail:

AUDITOR'S FEES IN THE EXERCISE	2019 F. yr	2018 F. yr
Fees charged for the audit of accounts	8.000,00	8.000,00
Other fees for services rendered	0,00	7.000,00
TOTAL EARNED FEES	8.000,00	15.000,00

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XX. INFORMATION regarding the average time period of payments made to suppliers. Third additional provision. "Duty of Disclosure" of the 15/2010 Act of 5th July".

The information regarding the average time periods of payments to suppliers is as follows:

	Average period for payment to suppliers	Average period for payment to suppliers
	2019 financial year	2018 financial year
	Days	Days
Average period for payment to suppliers	60	60
Transactions paid ratio	60	60
Transactions pending payment ration	N/D	N/D
	Amount	Amount
Total payments made	9.015.971,79	8.330.811,35
Total payments pending	3.055.483,76	1.886.605,94

XXI. PREPARATION DATE OF THE ANNUAL ACCOUNTS

OFFICIAL RECORD that is issued to record that the Governing Body of LABORATORIOS COMBIX, S.L.U. is aware of all the contents of the attached annual accounts relating to the 2019 financial year presented to the Governing Body on 31st March 2020, issued on 75 pages, all signed by the Directors and including the stamp of the Company.

Madrid, on the thirty-first of March, two thousand and twenty.

Signed: Juan Luis Fernández Balaguer
Chairman

Signed: Kamlesh Kanubhai Patel
Board Member

Signed: Pradipsinh Solanki
Board Member

Signed: Francisco-Jesús Largo Llorente
Non-Board Member Secretary



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**STATEMENT OF CHANGES IN THE
EQUITY**



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STATEMENT PROFIT AND LOSS ACCOUNT LABORATORIOS COMBIX, S.L.U. AS AT 31/12/19 AND 31/12/18

	NOTES ANNUAL REPORT	Debit/ Credit	
		31/12/2019	31/12/2018
A) RESULT OF THE PROFIT AND LOSS ACCOUNT	X	77.119,33	-162.776,71
Revenues and expenses directly allocated to net worth			
I. For valuation of financial instruments		0,00	0,00
1. Financial assets available for sale		0,00	0,00
2. Other revenues/expenses		0,00	0,00
II. For cash flow hedging		0,00	0,00
III. Subsidies, donations and legacies received		0,00	0,00
IV. For actuarial profit and loss and other adjustments		0,00	0,00
V. Tax effect		0,00	0,00
B) TOTAL REVENUES AND EXPENSES DIRECTLY ALLOCATED TO NET WORTH		0,00	0,00
Transfers to the profit and loss account			
VI. For valuation of financial instruments		0,00	0,00
1. Financial assets available for sale		0,00	0,00
2. Other revenues/expenses		0,00	0,00
VII. For cash flow hedging		0,00	0,00
VIII. Subsidies, donations and legacies received		0,00	0,00
IX. Tax effect		0,00	0,00
C) TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT		0,00	0,00
TOTAL REVENUES AND EXPENSES RECOGNISED		77.119,33	-162.776,71



STATEMENT OF CHANGES IN NET WORTH LABORATORIOS COMBIX, S.L.U. AS AT 31/12/19 AND 31/12/18

	Capital		Share premium	Reserves	Results from previous years	Other shareholder inputs	Income for the year	TOTAL
	Authorized							
C. BALANCE AT 31 DECEMBER 2017	7.482.266,00		21.536.540,00	-10.051,50	-26.408.166,60	1.500.000,00	-779.757,27	3.320.830,63
I. Adjustments for changes of criteria 2017 and previous	0,00		0,00	0,00	0,00	0,00	0,00	0,00
II. Adjustments for errors 2017 and previous	0,00		0,00	0,00	0,00	0,00	0,00	0,00
B. ADJUSTED BALANCE AT 1 JANUARY 2018	7.482.266,00		21.536.540,00	-10.051,50	-26.408.166,60	1.500.000,00	-779.757,27	3.320.830,63
I. Total recognised revenues and expenses	0,00		0,00	0,00	0,00	0,00	-162.776,71	-162.776,71
II. Operations with shareholders or proprietors	0,00		0,00	0,00	0,00	0,00	0,00	0,00
1. Capital increases	0,00		0,00	0,00	0,00	0,00	0,00	0,00
2. (Capital reductions)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
3. Conversion of financial liabilities into equity (bond conversion, debt forgiveness)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
4. (Reduction of dividends)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
5. Operations with own shares or participations (net)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
6. Increase (reduction) of net worth resulting from a business combination	0,00		0,00	0,00	0,00	0,00	0,00	0,00
7. Other operations with shareholders or proprietors	0,00		0,00	0,00	0,00	0,00	0,00	0,00
III. Other variations in net worth	0,00		0,00	0,00	-779.757,27	0,00	779.757,27	0,00
C. BALANCE AT 31 DECEMBER 2018	7.482.266,00		21.536.540,00	-10.051,50	-27.187.923,87	1.500.000,00	-162.776,71	3.158.053,92
I. Adjustments for changes of criteria 2018	0,00		0,00	0,00	0,00	0,00	0,00	0,00
II. Adjustments for errors 2018	0,00		0,00	0,00	0,00	0,00	0,00	0,00
D. ADJUSTED BALANCE AT 1 JANUARY 2019	7.482.266,00		21.536.540,00	-10.051,50	-27.187.923,87	1.500.000,00	-162.776,71	3.158.053,92
I. Total recognised revenues and expenses	0,00		0,00	0,00	0,00	0,00	77.119,33	77.119,33
II. Operations with shareholders or proprietors	0,00		0,00	0,00	0,00	0,00	0,00	0,00
1. Capital increases	0,00		0,00	0,00	0,00	0,00	0,00	0,00
2. (Capital reductions)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
3. Conversion of financial liabilities into equity (bond conversion, debt forgiveness)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
4. (Reduction of dividends)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
5. Operations with own shares or participations (net)	0,00		0,00	0,00	0,00	0,00	0,00	0,00
6. Increase (reduction) of net worth resulting from a business combination	0,00		0,00	0,00	0,00	0,00	0,00	0,00
7. Other operations with shareholders or proprietors	0,00		0,00	0,00	0,00	0,00	0,00	0,00
III. Other variations in net worth	0,00		0,00	0,00	-162.776,71	0,00	162.776,71	0,00
E. BALANCE AT 31 DECEMBER 2019	7.482.266,00		21.536.540,00	-10.051,50	-27.350.700,58	1.500.000,00	77.119,33	3.235.173,25



CASH FLOW STATEMENT



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CASH FLOWS LABORATORIOS COMBIX, S.L.U. AS AT 31/12/19 AND 31/12/18

	NOTE	31/12/2019	31/12/2018
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Pre-tax income/loss for year		80.479,80	-159.416,24
2. Adjustments to income/loss		-130.692,24	33.233,04
a. Fixed asset depreciation (+)		34.458,38	66.725,58
b. Value corrections for impairment (+/-)		-97.927,68	-40.597,06
c. Variation of provisions (+/-)		0,00	0,00
d. Allocation of subsidies (-)		0,00	0,00
e. Results for retirements and disposals of fixed assets (+/-)		0,00	0,00
f. Results for retirements and disposals of financial instruments (+/-)		0,00	0,00
g. Financial revenues (-)		-84,24	0,00
h. Financial expenses (+)		6.647,14	7.104,52
i. Exchange differences (+/-)		0,00	0,00
j. Variation of fair value of financial instruments (+/-)		0,00	0,00
k. Other revenues and expenses (+/-)		-73.785,84	0,00
3. Changes in working capital		278.280,34	195.337,20
a. Stocks (+/-)		-546.421,42	196.826,16
b. Debtors and other accounts receivable (+/-)		-618.901,95	-58.888,64
c. Other current assets (+/-)		0,00	0,00
d. Creditors and other accounts payable (+/-)		1.443.603,71	162.359,68
e. Other current liabilities (+/-)		0,00	-105.000,00
f. Other non-current assets and liabilities (+/-)		0,00	0,00
4. Other cash flows from operating activities		84,24	-128,98
a. Payment of interests (-)		0,00	-128,98
b. Collection of dividends (+)		0,00	0,00
c. Collection of interests (+)		84,24	0,00
d. Collections (payments) for profit tax (+/-)		0,00	0,00
e. Other payments (collections) (+/-)		0,00	0,00
5. Cash flows from operating activities		228.152,14	69.025,02
B) CASH FLOWS FROM INVESTMENT ACTIVITIES			
6. Payments for investments (-)		-73.662,81	-1.995,00
a. Group and associated companies		0,00	0,00
b. Intangible fixed assets		-240,00	-210,00
c. Tangible fixed assets		-835,45	-1.785,00
d. Real estate investments		0,00	0,00
e. Other financial assets		-72.587,36	0,00
f. Non-current assets held for sale		0,00	0,00
g. Other assets		0,00	0,00
7. Collections for divestments (+)		0,00	0,00
a. Group and associated companies		0,00	0,00
b. Intangible fixed assets		0,00	0,00
c. Tangible fixed assets		0,00	0,00
d. Real estate investments		0,00	0,00
e. Other financial assets		0,00	0,00
f. Non-current assets held for sale		0,00	0,00
g. Other assets		0,00	0,00
8. Cash flows from investment activities		-73.662,81	-1.995,00
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Collections and payments for equity instruments		0,00	0,00
a. Issue of equity instruments (+)		0,00	0,00
b. Depreciation of equity instruments (-)		0,00	0,00
c. Acquisition of own equity instruments (-)		0,00	0,00
d. Disposal of own equity instruments (+)		0,00	0,00
e. Subsidies, donations and legacies received (+)		0,00	0,00
10. Collections and payments for financial liability instruments		0,00	0,00
a. Issue of		0,00	0,00
a1. Bonds and other negotiable securities (+)		0,00	0,00
a2. Debts with lending institutions (+)		0,00	0,00
a3. Debts with group and associated companies (+)		0,00	0,00
a4. Other debts (+)		0,00	0,00
b. Repayment and amortisation of		0,00	0,00
b1. Bonds and other negotiable securities (-)		0,00	0,00
b2. Debts with lending institutions (-)		0,00	0,00
b3. Debts with group and associated companies (-)		0,00	0,00
b4. Other debts (-)		0,00	0,00
11. Payments for dividends and remunerations of other equity instruments		0,00	0,00
a. Dividends (-)		0,00	0,00
b. Remunerations of other equity instruments (-)		0,00	0,00
12. Cash flows from financing activities		0,00	0,00
D) EFFECT OF EXCHANGE RATE VARIATIONS			
		0,00	0,00
E) NET INCREASE/REDUCTION OF CASH OR EQUIVALENTS			
		154.489,33	67.030,02
Cash or equivalents at start of year		783.312,93	716.282,91
Cash or equivalents at year end		937.802,26	783.312,93



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MANAGEMENT REPORT



Laboratorios Combix, S.L.U.
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**MANAGEMENT REPORT ON THE COMPANY
LABORATORIOS COMBIX, S.L. UNIPERSONAL RELATING TO
THE 2019 FINANCIAL YEAR**

In accordance with the provisions of article 253 of the Capital Company Act in force, we report on the situation and progress of the Company so that this report, together with the Balance Sheet, Profit and Loss Account and Report, can help to provide information about the development of the Company in the 2019 financial year.

1. Progress of the business and situation of the company

By analysing the Annual Accounts we can appreciate the development of the Company, by showing the increases and reductions in the Profit and Loss account, which determine the profits or losses obtained in the 2019 financial year.

The sales in the 2019 financial year increased compared to the previous financial year (by 11.03%), with the trading volume for this financial year being 10.58 million Euros compared to 9.53 million Euros in the 2018 financial year.

The company has complied with the commitments contracted with financial institutions, group companies and suppliers and has punctually dealt with its tax and social security commitments.

The Company's treasury has increased by 19.72% compared to 2018.

The debt of the company with group companies in the 2019 financial year has remained with respect to the year 2018 in 1.70 million Euros.

The working capital is positive, being 3,294,472.92 euros as of December 31, 2019.

2. Probable progress of the Company

During the 2020 the company expects that, at least, both the commercial and financial progress will allow us to continue increasing our sales and begin to reduce our financial debt, given that efficiency measures are constantly being introduced. The first data from the commercial area in the 2020 financial year and up to the preparation date of these annual accounts show an increase in the sales of medicines compared to the same period of the previous financial year of around 0.81%.



The plans for 2020 are to continue adapting our structure to meet market needs and demands, to increase our sales and strengthen our position in the generic pharmaceutical market.

3. Activities carried out regarding research and development

During the 2019 financial year, the company did not carry out any research and development activities and did not incur any expenses or receive any subsidies related to the environment.

4. Acquisitions of Own Shares

In the 2019 financial year, the company did not carry out any transactions with its own shares.

5. Significant events that occurred after the end of the financial year

There have not been any significant events after the end of the financial year that could significantly alter these annual accounts.

