SHASUN USA, INC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

SUBMITTED BY
RAVI VENKATARAMAN, CPA LLC
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RAVI VENKATARAMAN CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT
14 COURTSIDE LANE
PRINCETON, NJ 08540

TEL: (609) 452-7770
FAX: (732) 823-1405

Board of Directors
Shasun USA, Inc
East Brunswick, New Jersey

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements:

We have audited the accompanying Balance Sheet of Shasun USA, Inc. as of March 31, 2016 and 2015 and the related statements of income and retained earnings and statement of cash flows for the years then ended.


Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's 'preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the
Opinion:

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shasun USA, Inc as of March 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Ravi Venkataraman, CPA
Princeton, NJ
April 26, 2016
## SHASUN USA, INC
### BALANCE SHEET

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$34,718</td>
<td>$44,047</td>
</tr>
<tr>
<td>Accounts Receivable- Trade</td>
<td>1,658,511</td>
<td>776,549</td>
</tr>
<tr>
<td>Other Receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory (Net of Provision for obsolescence)</td>
<td>161,341</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1,987</td>
<td>1,207</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>1,856,557</strong></td>
<td><strong>821,803</strong></td>
</tr>
</tbody>
</table>

**Property and Equipment, (Net of Accumulated Depreciation of $128,998 and $127,440 respectively)**

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,081</td>
<td>3,639</td>
</tr>
</tbody>
</table>

**Other Assets:**

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>58,124</td>
<td>10,165</td>
</tr>
<tr>
<td>Other Advances</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td><strong>60,624</strong></td>
<td><strong>12,665</strong></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,919,262</td>
<td>838,107</td>
</tr>
</tbody>
</table>

### LIABILITIES AND STOCKHOLDERS' EQUITY

#### Current Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable-Trade</td>
<td>1,045,842</td>
<td>221,543</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>662,892</td>
<td>529,620</td>
</tr>
<tr>
<td>Corporate Tax Payable</td>
<td>23,997</td>
<td>23,997</td>
</tr>
<tr>
<td>Loan- SVADS</td>
<td>3,482,040</td>
<td>3,482,040</td>
</tr>
<tr>
<td>Loan SPS Inc.</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>14,000</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>5,268,771</strong></td>
<td><strong>4,304,200</strong></td>
</tr>
</tbody>
</table>

#### Stockholders' Equity:

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>(3,364,509)</td>
<td>(3,481,093)</td>
</tr>
<tr>
<td>Dividend Payable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Stockholders' Equity</strong></td>
<td><strong>(3,349,509)</strong></td>
<td><strong>(3,466,093)</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,919,262</td>
<td>$838,107</td>
</tr>
</tbody>
</table>

*See Independent Auditor's Report and Notes to the Financial Statements*
### SHASUN USA, INC
#### STATEMENT OF INCOME AND RETAINED EARNINGS
#### FOR THE YEARS ENDED

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2016</th>
<th>March 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$898,432</td>
<td>$240,000</td>
</tr>
<tr>
<td>Commission</td>
<td>687,319</td>
<td>1,290,303</td>
</tr>
<tr>
<td>Other income</td>
<td>1,323</td>
<td>1,701</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>(855,220)</td>
<td>(222,400)</td>
</tr>
<tr>
<td>Exchange gain</td>
<td>680</td>
<td>-</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>732,534</td>
<td>1,309,604</td>
</tr>
<tr>
<td>General, Sales, and Administrative Expenses (Note 9)</td>
<td>614,393</td>
<td>1,214,118</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>1,557</td>
<td>1,421</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>-</td>
<td>6,125</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>615,950</td>
<td>1,221,664</td>
</tr>
<tr>
<td>Income/(Loss) from operations</td>
<td>116,584</td>
<td>87,940</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory write-Off (Obsolete item)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Profit Before Income Taxes</td>
<td>116,584</td>
<td>87,940</td>
</tr>
<tr>
<td>Provision For Income Taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>Deferred</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Provision for Income Taxes</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>Net Profit/(Loss)</td>
<td>116,584</td>
<td>84,940</td>
</tr>
<tr>
<td>Retained Earnings - Beginning</td>
<td>(3,481,093)</td>
<td>(3,566,033)</td>
</tr>
<tr>
<td>Retained Earnings - Ending</td>
<td>($3,364,509)</td>
<td>($3,481,093)</td>
</tr>
</tbody>
</table>

See Independent Auditor's Report and Notes to the Financial Statements
SHASUN USA INC  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED

<table>
<thead>
<tr>
<th>MARCH 31, 2016</th>
<th>MARCH 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flow from Operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Net Income/(Loss) for the period</td>
<td>$116,584</td>
</tr>
<tr>
<td>Add: Depreciation</td>
<td>1,557</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(881,962)</td>
</tr>
<tr>
<td>Other Receivable</td>
<td>-</td>
</tr>
<tr>
<td>Other Advances</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>(161,341)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(47,959)</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>(780)</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>824,299</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>133,272</td>
</tr>
<tr>
<td>Corporate Tax Payable</td>
<td>-</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>7,000</td>
</tr>
<tr>
<td>Net increase(decrease) in cash from Operating activities</td>
<td>(9,330)</td>
</tr>
<tr>
<td><strong>Cash Flow from Investing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of Fixed Assets</td>
<td>-</td>
</tr>
<tr>
<td>Net decrease in cash from Investing activities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash Flow from Financing Activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Loan-SVADS</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td>-</td>
</tr>
<tr>
<td>Net increase in cash from Financing activities</td>
<td>-</td>
</tr>
<tr>
<td>Net increase in cash</td>
<td>(9,330)</td>
</tr>
<tr>
<td>Prior Period Adjustments</td>
<td>-</td>
</tr>
<tr>
<td>Cash - Beginning</td>
<td>44,047</td>
</tr>
<tr>
<td><strong>Cash - Ending</strong></td>
<td>34,718</td>
</tr>
</tbody>
</table>

Supplementary information:
- Income taxes paid: - $3,000
- Interest paid: $133,270 $142,339

See Independent Auditor's Report and Notes to the Financial Statements

5
SHASUN USA INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 and 2015

Note 1 - **Summary of Significant Accounting Policies:**

A. **General**
Shasun USA Inc was incorporated in 1997 as a wholly owned subsidiary of Strides Shasun Limited (SSL) with a paid-up capital of $15,000.00. The subsidiary is a trading outfit of SSL. The main business of the Company is to stock and sell finished products of SSL and also do marketing for SPL's existing as well as new products. It also assists SSL in procurement of reference standards and other regulatory related activities with the end customers.

B. **Inventory**
Inventory is carried at lower of cost or market value.

C. **Property and Equipment / Depreciation**

Property and equipment are stated at cost. Depreciation is provided on the straight line method over the estimated useful lives of the respective assets.

Note 2 – **Revenue Recognition:**
Revenue is recognised only when it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability. Shasun USA Inc earns its revenue from sale of products and also as commission by marketing products of Strides Shasun Limited (SSL). Revenue from sale of pharmaceutical products is recognised when all significant risks and rewards have been transferred to the buyer. During the year $898,432 has been recognised as revenue from sale of pharmaceutical products. Selling Commission has been recognised as revenue @ 5% on FOB sales value on sales made by Strides Shasun Limited to Amneal Pharmaceuticals of NY LLC. During the FY 2015-16, selling commission of $687,319 has been recognised.

Note 3 - **Loan from SVADS Holding SA**
On August 14th 2011, Shasun USA Inc. entered into a loan agreement with SVADS Holdings, SA. The maximum loan available is $6,000,000. The interest rate on the loan is 5.75%. The loan has to be repaid upon written demand from SVADS or upon termination of the agreement. As of March 31, 2016, the outstanding loan balance is $3,482,040.

*See Independent Auditor's Report*
Note 4 - Property and Equipment:
Property and Equipment at March 31, 2016 and 2015 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>$11,599</td>
<td>$11,599</td>
</tr>
<tr>
<td>Computers</td>
<td>48,728</td>
<td>48,728</td>
</tr>
<tr>
<td>Furnitures</td>
<td>25,436</td>
<td>25,436</td>
</tr>
<tr>
<td>Other Assets</td>
<td>36,082</td>
<td>36,082</td>
</tr>
<tr>
<td>Telephone</td>
<td>9,234</td>
<td>9,234</td>
</tr>
<tr>
<td>Total Assets</td>
<td>131,079</td>
<td>131,079</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>128,998</td>
<td>(127,440)</td>
</tr>
<tr>
<td>Net Assets</td>
<td>$2,081</td>
<td>$3,639</td>
</tr>
</tbody>
</table>

The depreciation expense for the years ended March 31, 2016 and 2015 is $1,557 and $1,421 respectively.

The depreciation rates used for Property and Equipment are as follows:

- Office Equipment: 13.91%
- Computers: 40%
- Furniture: 18.10%
- Other Assets: 20%
- Telephone: 13.91%

Note 5 – Security Deposits:
The amount represents utility and rent deposits for New Jersey office. Located at 2, Tower Centre Blvd., East Brunswick, NJ 08816.

Note 6 – Related Party transactions
Shasun USA Inc is a 100% subsidiary of Strides Shasun Limited (SSL). During the year, the total purchases from the Parent Company is $1,016,561. Shasun USA Inc. secured a loan of $3,482,040 from SVADS Holding SA which is a 100% subsidiary of SSL.

See Independent Auditor’s Report
Note 7 – Cost of Goods Sold

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2016</th>
<th>March 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Inventory</td>
<td>$ 0</td>
<td>$ 0</td>
</tr>
<tr>
<td>Purchases (Less Returns)</td>
<td>1,016,561</td>
<td>222,400</td>
</tr>
<tr>
<td>Inventory write off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other direct costs :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Duty,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight &amp; Storage charges</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Cost of Goods available for sale</td>
<td>1,016,561</td>
<td>222,400</td>
</tr>
<tr>
<td>Less : Ending Inventory</td>
<td>(161,341)</td>
<td>(0)</td>
</tr>
<tr>
<td>Total Cost of Goods sold</td>
<td>$ 855,220</td>
<td>$ 222,400</td>
</tr>
</tbody>
</table>

Note 8 – Commitments

The Corporation entered into a lease agreement on October 16, 2009 for the property at 197 Route 18, East Brunswick, NJ 08816. The lease is renewable annually. The current lease expired on October 31, 2015. The rent is $ 3,765.00 per month for the term of the lease. Rent includes base rent of $ 3,388.50 plus all additional charges. The rent expense for the years ended March 31, 2016 and 2015 were $ 33,737 and $50,791 respectively. On October 31, 2015, the Corporation moved to a new location at 2, Tower Centre Blvd, East Brunswick, NJ 08816.

Note 9 – Subsequent Event

Management has evaluated subsequent events through April 26, 2016, the date the financial statements were available to be issued.

See Independent Auditor’s Report
SHASUN USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR YEARS ENDED

Notes 10- Selling, General and Administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2016</th>
<th>March 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees</td>
<td>$7,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Automobile Expenses</td>
<td>29</td>
<td>1,894</td>
</tr>
<tr>
<td>Bank Service &amp; Other Charges</td>
<td>12,227</td>
<td>12,349</td>
</tr>
<tr>
<td>Business Promotion</td>
<td>11,456</td>
<td>70,137</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>18,253</td>
<td>26,978</td>
</tr>
<tr>
<td>Corporate State Taxes</td>
<td>6,907</td>
<td>622</td>
</tr>
<tr>
<td>Salaries</td>
<td>184,603</td>
<td>632,576</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>13,415</td>
<td>46,753</td>
</tr>
<tr>
<td>Conference</td>
<td>-</td>
<td>824</td>
</tr>
<tr>
<td>Postage &amp; Delivery</td>
<td>9,070</td>
<td>6,626</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rent</td>
<td>33,737</td>
<td>50,971</td>
</tr>
<tr>
<td>Repairs</td>
<td>1,203</td>
<td>1,027</td>
</tr>
<tr>
<td>Professional fees</td>
<td>25,988</td>
<td>32,997</td>
</tr>
<tr>
<td>Medical Insurance</td>
<td>41,067</td>
<td>36,180</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>8,040</td>
<td>3,459</td>
</tr>
<tr>
<td>Travel and Entertainment</td>
<td>72,068</td>
<td>99,941</td>
</tr>
<tr>
<td>Bad Debts</td>
<td>-</td>
<td>2,057</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>133,270</td>
<td>142,339</td>
</tr>
<tr>
<td>Laboratory Analysis charges</td>
<td>-</td>
<td>11,950</td>
</tr>
<tr>
<td>Other expenses</td>
<td>36,060</td>
<td>27,438</td>
</tr>
</tbody>
</table>

|                                | $614,393       | $1,214,118     |

See Independent Auditor's Report