Ranbaxy Australia Pty Limited

ABN 17 110 871 826

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Ranbaxy Australia Pty Limited

ABN 17 **110** 871826

Contents

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Directors' rep01·t

Your directors present their report together with the financial report of Ranbaxy Australia Pty Limited ("the Company") for the year ended 31March 2015.

Directors

The names of the directors of the Company at any time during or since the end of the financial period are:

Alexander Nicholas Evans
Akshay Sethi (appointed 2 May 2014)
Rajiv Gulati (resigned 28 April 2014)
Rajeev Sharma (resigned 2 April2014)
Sanjeev lndravadan Danl (resigned 28 April2014)

Directors have been in office since the start of the financial period to the date of this report unless otherwise

Review of Operations

The profit of the Company for the year ended 31March 2015 was $866,685 (2014[15 months] loss: $2,378,394)

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activity of the Company during the financial period was the supply of pharmaceutical products.
No significant change in the nature of these activities occurred during the period.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company In future financial years.

Likely Developments and Expected Results of Operations

likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid or declared since the start of the financial year.

Indemnification and Insurance of Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
The company was not a party to any such proceedings during the period.

Ranbaxy Australia Pty Limited
ABN 17110 871826

Directors' report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 200lls set out on page 5.

Signed in accordance with a resolution of directors:

Dated this '2-4 ay of April 2015.

Alexander Evans
Director
Sydney

BOROUGHS ASSURANCE
CHARTERED ACCOUNTANTS

ABN 42 178 198 610
Level6,
77 Castlereagh Street
Sydney NSW 2000, Australia
DX 232, Sydney
T +51 2 9930 7700
F +61 2 9930 7777
mail@boroughs.net.au
www.boroughs.net.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF RANBAXY AUSTRALIA PTY LIMITED

In relation to our audit of the financial report of Ranbaxy Australia Pty Limited for the year ended 31 March 2015, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

BOROUG ASSURANCE

Shane Chadwick
Partner
Sydney

Dated 29th April 2015

Ranbaxy Australia Pty Limited

ABN 17 110 871826

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 $ (12 Months)	2014 $ (15 Months)
Revenue		35,175,022	26,159,832
Cost of sales		. (23,044,993)	(1/',6!)6,497}
Gross profit		12,130,029	8,503,335
Distribution expenses		(3,391,948)	(3,169,337}
Personnel expenses	2(a)	(3,869,718)	(4,323,548)
Marketing expenses		(384,627)	(461,894)
Pharmaceutical license expenses		(927,677)	(903,286)
Administration expenses		(677,434)	(1,102,303)
Depreciation expense		(85,552)	(76,630)
Legal and professional expenses		(1,026,347)	(198,433)
Occupancy expenses		(155,825)	(250,543)
Other expenses		(252,227)	(270,897)
Results from operating activities		1,358,675	(2,253,534)
Finance income		4,235	7,153
Finance costs		(496,225)	(132,012)
Net finance costs		(491,990)	(124,859)
Profit/(loss) before income tax		866,685	(2,378,394}
Income tax expense	3		
Profit/(loss) for the period		866,685	(2,378,394)
Other comprehensive income			
Total comprehensive income for the period		866,685	(2,378,394)

The accompanying notes form part of these financial statements.

Ranbaxy Australia Pty Limited

ABN 17 110 871826

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015	2014
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	1,685,149	2,103,806
Trade and other receivables	5	4,473,953	5,128,630
Inventories	6	4,432,327	7,858,140
Other assets	7	94,831	164,836
TOTAL CURRENT ASSETS		10,686,259	15,255,412
NON-CURRENT ASSETS			
Property, plant and equipment	8	127,956	207,759
TOTAL NON-CURRENT ASSETS		127,956	207,759
TOTAL ASSETS		10,814,215	15,463,171
CURRENT LIABILITIES			
Trade and other payables	9	5,770,144	19,224,649
Borrowings	10	22,845,538	16,775,000
Provisions	11	381,415	189,292
TOTAL CURRENT LIABILITIES		28,997,097	36,188,941
NON CURRENT LIABILITIES			
Provisions	11	73,399	
TOTAL NON-CURRENT LIABILITIES		73,399	
TOTAL LIABILITIES		29,070,496	36,188,941
NET LIABILITY		(18,256,281)	(20,725,770)
EQUITY			
Share capital	12	9,200,000	9,200,000
Accumulated losses		(27,456,281)	(28,322,966)
TOTAL DEFICIENCY		(18,256,281)	(19,122,966)

The accompanying notes form part of these financial statements,

Ranbaxy Australia Pty Limited

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Share capital $	Accumulated losses $	Total equity $
Balance at 1 January 2013	9,200,000	(25,944,572)	(16,744,572)
Comprehensive income			
Loss for the period		(2,378,394)	(2,378,394)
Other comprehensive income for the period			
Total comprehensive income for the period	9,200,000	(28,322,966)	(19,122,966)
Balance at 31 March 2014	9,200,000	(28,322,966)	(19,122,966)
Comprehensive income			
Profit for the year		866,685	866,685
Other comprehensive income for the year			
Total comprehensive income for the year	9,200,000	{27,456,281)	{18,256,281)
Balance at 31 March 2015	9,200,000	{27,456,281}	{18,256,281

The accompanying notes form part of these financial statements.

Ranbaxy Australia Pty Limited

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 $ (12 Months)	2014 $ (15 Months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		40,457,025	19,107,361
Payments to suppliers and employees		(47,454,002)	(29,827,543)
Interest received		4,235	7,153
Finance costs		(231,000)	(132,012)
Net cash used in operating activities	16	(7,223,742)	(10,845,041)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(5,749)	(211,677)
Net cash used in investing activities		(5,749)	(211,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related party		6,077,149	12,500,000
Net cash provided by financing activities		6,077,149	12,500,000
Net increase/(decrease) in cash held		(1,152,341)	1,443,282
Cash at beginning of financial year		2,103,807	660,525
Cash at end of financial year		951,466	2,103,807

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POliCIES

Ranbaxy Australia Pty Limited (the Company) is a company Incorporated and domiciled in Australia. The parent company is Ranbaxy Netherlands(RNBV), a company incorporated in Netherlands. The financial statements are as at and for the year ended 31 March 2015.

The Company Is primarily involved in the supply of pharmaceutical products.

Basis of Preparation

The directors have prepared the financials statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise,

The financial statements, except for the cash flow information, have been prepared in Australian dollars on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented In the financial statements have been rounded to the nearest dollar.

a Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and In any future periods affected.

b Going concern

The financial statements have been prepared on a going concern basis, notwithstanding as at 31 March 2015 the Company had a deficiency of net assets of $18,256,281 (2014: $19,122,966).

The ability of the Company to continue as a going concern is dependent upon the ongoing financial support from its parent entity to the level required by the Company to allow It to fulfil all obligations as and when they fall due for a period of no less than twelve months from the date of signing these financial statements. The reliance on the parent entity support gives rise to a material uncertainty which may affect the company's ability to continue as a going concern. The parent entity has confirmed In writing that it will provide ongoing financial support, including that it will not call for repayment outstanding balances at 31 March 2015, unless the Company is able to financially make such repayments without impairing its ability to conduct its normal business operations and pay other liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b Going concern (Continued)

The directors therefore believe that the Company will continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of signing these financial statements, and accordingly consider that the Company's financial statements shoLild be prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

c Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary Items is the difference between amortised cost In the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in profit or loss.

d Financial instruments

(I) Financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecog11ises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction In which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets: trade and other receivables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d Financial instruments (continued)

(Iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

e Income Tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive Income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting r1or taxable profit or loss.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basts or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

f Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the Inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTE 1:SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that Is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of Individual assets are assessed and if a component has a useful life that is different from the remainder of that asset. That component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an Item of property, plant and equipment.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and fittings	33%
Office equipment	33%

Depreciation methods, depreciation rates and residual values are reviewed at each financial year-end and adjusted If appropriate.

h Leases payments

Leases of fixed assets, where substantially all the risl<s and benefits Incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.
Finance leases are capitalised by recognising an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for the operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

NOTE 1:SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of Assets

(i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the Initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for Impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit *or* loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely Independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Employee Benefits

(i) Defined contribution plans

A defined contribution plan Is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undlscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Other long-term benefits

Provision Is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salaries levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligation. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

k Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Rebate claims

A provision for future claims for rebates from customers is recorded to reflect claims which are expected to be made based on sales made prior to the period end. This is recorded as an adjustment to revenue in the statement of comprehensive income.

Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement. that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents and foreign exchange gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and foreign exchange losses. Interest expense is recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

n Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flow arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

o Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

p Key Estimates and Judgments

Allowance for inventory obsolescence
The allowance for inventory obsolescence is determined with regard to the expiry date of each stock item on hand at balance date. An allowance is made for items that fall within the following expiry categories: less than six months from balance date, shelf life between six months and 12 months from balance date, discontinued, obsolete and shelf life less than 50% where life of product exceeds 2 years.

Discounts and rebates
Discounts and rebates for pharmaceutical products sold by the Company to its wholesalers but estimated to be unsold by the wholesalers at year end are recorded as accrued discounts and rebates. The Company may incur discounts and rebates that differ from its original estimate.

Deferred tax assets
The Company's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets are recognised in the Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient taxation profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future revenues, operating costs, capital expenditure and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is possibility that changes in circumstances will alter expectations, which may impact the amount of other tax losses and temporary differences not yet recognised.

2. Profit for the period

		2015 $ (12 Months)	2014 $ (15 Months)
a	Personnel expenses		
	Wages and salaries	2,914,206	3,365,886
	Other associated personnel expenses	590,887	640,079
	Contributions to defined contribution plans	307,621	317,429
		3,812,714	4,323,394
b	Impairment charges		
	Inventory allowance	(284,633)	1,747,263
	Replacement Inventory		
	Inventory write off	2,067,018	405,535
		1,782,385	2,152,798
c	Auditor's remuneration		
	Audit of financial reports	26,000	25,000
	Non-audit services	11,000	15,550
		37,000	40,550

3. Income Tax Expense

		2015	2014
a.	The components of tax (expense)/income comprise:		
	Income tax expense		
b.	The prima facie tax on profit from ordinary activity before income tax is reconciled to Income tax as follow:		
	Prima fade tax payable on profit from ordinary activities before income tax at 30% (2014:30%) :	260,006	
	Add:		
	Permanent difference	2,262	
		262,268	
	Less:		
	Recoupment of prior year tax losses previously not brought to account	262,268	
	Income tax attributable to entity		

Ranbaxy Australia Pty Limited

ABN 17 110 871 826

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4. Cash and cash equivalents

	2015	2014
	$	$
Cash at bank	1,685,149	2,103,806
	1,685,149	2,103,806

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows Is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,685,149	2,103,806
	1,685,149	2,103,806

5. Trade and other receivables

CURRENT		
Trade receivables	6,732,454	8,266,541
Provision for customer rebates	(2,266,172)	(3,152,194)
Other receivables	5,830	5,830
Amount due from related parties	1,841	8,452
	4,473,953	5,128,630

6. Inventories

Finished goods	6,734,342	10,641,272
Allowance for Inventory obsolescence	(2,782,769)	(3,067,403)
Stock in transit	480,755	284,271
	4,432,327	7,858,140

7. Other current assets

CURRENT		
Prepaid insurance	5,697	38,771
Other prepaid expenses	89,134	126,064
	94,831	164,836

8. Property, plant and equipment

PLANT AND EQUIPMENT		
Furniture and fittings at cost	242,812	242,812
Accumulated depreciation	(199,103)	(165,159)
	43,709	77,653
Office equipment at cost	336,233	330,484
Accumulated depreciation	(251,986)	(200,378)
	84,247	130,106
Total property, plant and equipment	127,956	207,759

9. Trade and other payables

	2015 $	2014 $
CURRENT		
Trade payables	752,631	2,361,229
Amount due to related parties	4,467,658	16,241,482
Sundry payables and accrued expenses	549,855	621,938
	5,770,144	19,224,649

10. Borrowings

	2015 $	2014 $
CURRENT		
Unsecured intra-group loans	22,845,538	16,775,000
	22,845,538	16,775,000

11. Provisions

	2015 $	2014 $
CURRENT		
Employee benefits	262,965	189,292
Sales returns	118,450	
	381,415	189,292
NONCURRENT		
Employee benefits	73,399	
	73,399	

12. Issued capital

	2015 $	2014 $
9,200,000 (2014: 9,200,000) fully paid ordinary shares	9,200,000	9,200,000

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the member with adequate returns and ensure that the company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and In the market. These responses include the management of debt levels, distributions to shareholders and share issues.

13. Capital and leasing commitments

	2015	2014
	$	$
Operating lease commitments		
Non-cancellable operating lease rentals are payable as follows:		
Payable- minimum lease payments:		
-Less than one year	271,246	266,451
-Between one and five years	68,114	339,360
	339,360	605,811

The property lease is a non-cancellable lease, with rent payable monthly in advance. The lease will expire on 30 June 2016.

14. Economic dependence

Ranbaxy Australia Pty Limited is economically dependent on the related party, Ranbaxy Laboratories Limited, to provide inventory and is also dependent on Ranbaxy (Netherlands) B.V. for financial support to continue its operations

15. Contingent liabilities

Contingencies being held by the bank as a guarantee at 31March 2015 totalled $94,899 (2014: $94,899) for the rental property.

The guarantees only give rise to a liability where the company fails to perform its contractual obligation. No liability was recognised in relation to these guarantees.

The Company has received updated correspondence from lawyers acting on behalf of a patent holder, in respect of products sold by the Company. This patent holder has been granted the right to appeal a ruling of the Federal Court to the Full Court of the High Court of Australia in relation to proceedings dealing with alleged patent infringement. At present there has been no claim made against the Company.

The Directors are of the opinion that an outflow of future economic benefits is possible, but not probable, as:
(1) the patent holder's appeal has not been heard nor upheld by the High Court; and
(2) the patent holder has been previously unsuccessful in proving its case.

16. Cash flow information

	2015	2014
	$	$
	(12 Months)	(15 Months)
Reconciliation of Cash Flow from Operations with profit/loss after Income Tax:		
Profit/(loss) after income tax	866,685	(2,378,394)
Non-cash flows in profit:		
-depreciation	85,552	76,630
Changes in assets and liabilities:		
– (increase)/decrease in trade and other receivables	1,534,087	(7,068,990)
-decrease in other assets	70,005	26,512
-decrease in inventories	3,425,813	2,606,838
-increase in payables	(13,454,505)	(5,560,619)
-increase/ (decrease) in provisions	265,523	1,452,982
	(7,206,840)	(10,845,041)

17. Subsequent event

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31March 2015, or in future financial years.

18. Company details

The registered office of the company is:

Ranbaxy Australia Pty limited
Ground Floor
9-13 Waterloo Rd
North Ryde NSW 2113

The principal place of business is:

Ranbaxy Australia Pty Limited
Ground Floor
9-13 Waterloo Rd
North Ryde NSW 2113

19. New and amended standards adopted by the Company

During the year ended 31March 2015 the Australian Accounting Standards Board Issued new and amended Accounting Standards and Interpretations, which are not applicable to the current company's financials. There is no impact on the company's accounting policies and any of the disclosures.

20. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Mandatory application date/Date of adoption by Company

Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the group: 1 July 2017.

Title of Standard

AASB 15 Revenue From Contracts with Customers

Nature of change

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer-so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Impact

Management is currently assessing the impact of the new rules and has identified the following areas that are likely to be affected:

• consignment sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards and

• the balance sheet presentation of rights of return, which will have to be grossed up in future (separate recognition of the right to recover the goods from the customer and the refund obligation).

At this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessments of the impact over the next twelve months.

Mandatory application date/Date of adoption by Company

Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the group: 1 July 2017.

Ranbaxy Australia Pty Limited

ABN 17 **110** 871826

Dir·ectoa·s' **declaration**

In accordance with a resolution of the directors of Ranbaxy Australia Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1to the financial statements.

The directors of the company declare that:

1 The financial statements and notes, as set out on pages 6 to 22, are in accordance with the Corporations Act 2001and:

a. Comply with Australian Accounting Standards

b. Give a true and fair view of the company's financial position as at 31March 2015 and of its performance for the year ended on that date in accordance with the accounting policies in Note 1to the financial statements

2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

Director

Alexander Evans

Dated this . 2015

BOROUGHS ASSURANCE

CHARTERED ACCOUNTANTS

ABN 42178 198 610
Level6,
77 Castlereagh Street
Sydney NSW 2000, Australia
DX 232, Sydney
T +61 2 9930 7700
F +61 2 9930 7777
mail@boroughs.net.au
www.boroughs.net.au

Independent Auditor's Report

To the members of Ranbaxy Australia Pty Limited

Report on the Financial Report

We have audited the accompanying financial report being a special financial report of Ranbaxy Australia Pty Limited, which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.* We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Ranbaxy Australia Pty Limited on 29 Apri12015, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Ranbaxy Australia Pty Limited is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the company's financial position as at 31 March 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Material uncertainty regarding continuation as a *going concern*

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the financial statements have been prepared on a going concern basis, notwithstanding as at 31 March 2015 the company had a deficiency of net assets of $18,256,281 (2014: $19,122,966).

The ability of the company to continue as a going concern is dependent upon the ongoing financial support from the parent entity to the level required by the company to allow it to fulfil all obligations as and when they fall due for a period of no less than twelve months from the date of signing these financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001.* As a result, the financial report may not be suitable for another purpose.

Boroughs Kssurance

Dated: 29 April 2015

Sydney