LLC "Ranbaxy Pharmaceuticals Ukraine"

Directors' report

for the year ended 3I1)ecember20l4 . .•. .

The direCtor have pleasure in presenting the report for the year ended 31 D ceniber 2014.

Review of business and operations

Main business and operations

The company is established on 13.06.2012 and engaged in import and trade of pharmaceutical products. The operating results and state of affairs of the company are fully set out in financial Statements for 2014.

Financial result for the year 2014 is a net loss in amount of UAH 1 365 thousands.

Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year.

Authorised and issued share capital

Authorized share capital as per the Charter is UAH 39,950 mn. There were no changes in the authorised share capital ofthe company during the year 2014.

Dividends

No divide ds,were declaredor paid,to the shareholders:duringthe;year. , • ., .!''

Directors

The director of the company during the year and to the date of this report is following:

Name	**Nationality**
Alok Batra	India

Secretary

The company had no secretary during the year.

Holding company

The holding companies are Ranbaxy (Netherlands) BV 99% and Ranbaxy Holdings (UK) Limited 1%.

Auditor in 2014

LLC "BDO"

Business address Postal address Registered office

175, Kharkivske shosse,
Kyiv, Ukraine
02121

Alok"Batra, Director

Auditor's Report

Members of the Limited Liability Company "Ranbaksi Pharmaceuticals Ukraine"

Opinion on financial statements

We have audited the financial statements of Limited Liability Company

"Ranbaksi Pharmaceuticals Ukraine" (hereinafter - the Company), (enterprise code 38265984, location: legal and actual address: 02121, m. Kyiv, str. Kharkiv highway, 175, date of state registration of 13.06.2012) attached, which consists of statement of financial position as at 31 December 2014 and the related statements of comprehensive income, cash flows and equity for the year then ended, as wel as of significant accounting policies and other explanatory notes drawn up in accordance with International Financial Reporting Standards (hereinafter - "financial statements").

Management's responsibility for financial reporting

Management is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards. Management is also responsible for such internal control that he determines is necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the previous 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. Making those risk assessments, the auditor considers internal control relevant to the entity drawing up financial statements 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 internal control of the entity. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as wel as evaluating the overal financial statement presentation.

We believe that obtained is sufficient and appropriate audit evidence to express our opinion.

Basis for qualified opinion

The auditors did not participate in inventories in the amount of 57,347 thousand. UAH. As at 31 December 2013, as it was before we were appointed auditors of the Company. Due to the nature of the records we were unable to verify the amount of reserves as of the dates and related costs that relate to financial results in 2013 by other audit procedures.

A qualified opinion

We believe that excluding the impact on financial reporting issues described in the previous paragraph, the financial statements as at 31.12.2014 year and for the year ended on that date, prepared in all material respects in accordance with IFRS.

Explanatory Paragraph

Without changing our opinion, we draw attention to the fact that the Ukrainian economy is in a protracted crisis, complicated military conflict in eastern Ukraine and unrecognized separation of the Autonomous Republic of Crimea. By results of 2014 the international rating agencies significantly downgraded the sovereign debt of Ukraine. In addition, due to the above factors and negative expectations of the population, Ukrainian hryvnia in 2014 depreciated by 97% and 74%, relative to the US dollar and the euro, respectively. The stabilization of the situation in Ukraine largely depend on government action to address the armed conflict, reforming the financial, administrative, fiscal and legal systems of the country. As a result of the impact of these and other factors, the results of the reporting period, the Company received in
2014 a net loss of 1 365 thousand. UAH. against 4,246 thousand. profit for the previous period. These and other circumstances indicate the existence of uncertainty, which in case of further deterioration of the situation may call into question the ability of the Company to continue its operations continuously. However, the Company has financial support from the parent company in the form of trade credit and favorable commodity supply, allowing it to maintain adequate liquidity and financial stability.

LLC "BDO"

Kyiv, Ukraine
January 20, 2015

STATEMENT OF FINANCIAL POSITION

on December 31, 2014

	Notes	2014 UAH	2013 UAH
Non-current assets			
Fixed assets	7	1,272	529
Intangible assets	8	130	87
Deferred tax assets	9	617	329
		2,019	945
Inventories	10	55,829	57,347
Prepayments and other receivables	11	5,547	1,586
Cash and cash equivalents	12	20,251	8,465
		81,627	67,398
Total assets		**83,646**	**68,343**
Equity			
Authorized capital	13	39,950	39,950
Retained profit / uncovered loss		1,368	2,733
Total equity		41,318	42,683
Current liabilities			
Trade payables	14	35,970	20,385
Providing current expenses	15	3,435	2,699
Current liabilities Income tax	9	2,912	2,570
Other current liabilities	14	11	6
		42,328	25,660
Total liabilities and equity		**83,646**	**68,343**

STATEMENT OF COMPREHENSIVE INCOME for the year ended December 31, 2014

(In thousands)

	Notes	UAH	UAH
Revenues from sales	16	190,579	204,714
Cost of sales	17	(102,485)	(169,924)
Gross Profit		**88,094**	**34,790**
Administrative costs	18	(10,183)	(4,253)
Cost of sales	19	(57,383)	(18,138)
Other income	20	7	5,547
Other expenses	21	(18,099)	(11,125)
Profit (loss)		**2,436**	**6,821**
Income tax	9	(3,801)	(2,575)
Net income (loss) for the period and comprehensive income		**(1,365)**	**4,246**

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014
(In thousands)

	2013	
Cash flows from operating activities	UAH	UAH
Income:		
Revenues from sales	202,806	204,808
Back advances paid	54	87
Other revenues	106,878	195
Total income from operating activities	309,738	205,090
Benefits:		
For goods and services	(143,887)	(221,740)
Labor	(23,903)	(4,749)
Expenditure on state social insurance for employees	(9,953)	(1,902)
Taxes and fees	(9,105)	(900)
Other expenditure	(112,416)	(4,707)
Total payments for operating activities	(299,264)	(233,998)
Net cash from operating activities	10,474	(28,908)
Cash flows from investing activities		
Acquisition of fixed assets	(942)	(409)
Purchase of intangible assets	(65)	(15)
Net cash used in investing activities	(1,007)	(424)
Cash flows from financing activities		
Contributions to the authorized capital	-	28,775
Net cash from financing activities	-	28,775
Net decrease / increase in cash	9,467	(557)
Cash at beginning of year	8,465	9,022
Effect of changes in exchange rates on the balance	2,319	-
Cash at end of year	20,251	8,465

STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2014

(In thousands of UAH)

	Authorized capital	Total revenue	Total equity
December 31, 2012	11175	(1513)	9662
Net profit of the period	-	4246	4246
Total comprehensive income	-	4246	4246
Contributions to share capital	28775	-	28775
December 31, 2013	39950	2733	42683
Net loss for the period	-	(1365)	(1365)
Total comprehensive income	-	(1365)	(1365)
December 31, 2014	39950	1368	41318

Notes to the financial statements.

Note 1.Tovarystvo and activities

Title:

Full name in Ukrainian: Limited Liability Company "Ranbaksi Pharmaceuticals Ukraine" (hereinafter - the Company).

Ukrainian language short name: Ltd. "Ranbaksi Pharmaceuticals Ukraine"; Commercial (brand) name: LLC "Ranbaksi Pharmaceuticals Ukraine."

Enterprise code: 38265984;

Location:

The legal address of the Company: Ukraine, 02121, Kyiv, Kharkiv highway, 175. The mailing address of the Company: Ukraine, 02121, Kyiv, Kharkiv highway, 175. Telephones m. Kyiv: (044) 371-77-21, fax / fax: (044) 371-77-23.

Internet: http://www.ranbaxy.com.ua/

Limited Liability Company "Ranbaksi Pharmaceuticals Ukraine" or "Company" registered 13.06.2012 under the current legislation of Ukraine.

The main activity of which deals with society is wholesale of pharmaceutical goods.

Note 2. Basic approaches to financial reporting

Statement of compliance with IFRSs

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Reporting date and reporting period

The date of the annual financial statements for 2014 is 31 December 2014. Previous reporting period lasted from 1 January 2013 to 31 December 2013.

Functional currency and reporting unit of measurement

The financial statements are presented in Ukrainian hryvnia, which is the functional currency of the Company. All financial information presented in Ukrainian hryvnias, rounded to the nearest thousand, unless otherwise indicated.

Note 3. New standards and interpretations

New and revised standards and interpretations to be applied by the Company

In general, the accounting policies are consistent with those of the previous financial year. Certain new standards and interpretations become mandatory for application from 1 July 2014. Here are the new and revised standards and interpretations to be applied by the Company at present or in the future:

- Amendment to IAS 36 - ***"Disclosure regarding the recoverable amount for non-financial assets".*** This fix reduces the circumstances in which the amount of compensation generating units or assets should be disclosed, and adds an explicit request for disclosure of the discount rate in determining impairment (or reversal of impairment), where the recoverable amount (based on fair value less costs of disposal) is determined using discounting. These corrections had no impact on the financial position or performance of the Company.

- Amendment to IAS 39 - ***"Innovation derivatives and hedge accounting continue."*** In these corrections supposed exclusion of the requirements discontinue hedge accounting when novation of a derivative designated as a hedging instrument conforms to established criteria. These corrections had no impact on the financial position or performance of the Company.
- Amendment to IAS 10, IAS 12 and IAS 27 - ***"Investment Companies"*** include exclusion from consolidation requirements for companies that meet the definition of an investment company in accordance with IAS 10. Exceptions to the requirements for consolidation requires investment firms to take into account the subsidiaries at fair value through profit or loss. These corrections had no impact on the financial position or performance of the Company.
- IFRS 9 ***"Financial Instruments"*** standard published in November 2009, as amended to the current date. It replaces IAS 39 ***"Financial Instruments: Recognition and Measurement"*** in the classification and measurement of financial instruments and hedge accounting. This standard is effective for annual periods beginning on 1 January 2018, with earlier application permitted.
- IAS 15 ***"Revenue from contracts with customers."*** A key principle of the new standard for companies is to recognize revenue when displaying the fact of the transfer of goods or services to consumers, and at a rate that reflects the expected amount of revenues. Some concepts are still right in the standard were not discussed and therefore create problems in accounting - "income from services» («service revenue») or, for example, "fix contracts» («contract modifications») - is now due more clearly . IFRS 15 replaces these standards and interpretations: IAS 11,

  "Construction Contracts", IAS 18 ***"Income»,*** IFRIC 13 ***"Customer Loyalty Programmes»,*** IFRIC 15 ***"Agreements for Construction of Real Estate»,*** IFRIC 18 ***"Transfers of Assets from Customers"*** , SIC-31 "Revenue - barter transactions involving advertising services." Comes into force on 1 January 2017.
- Amendments to IFRS 7 ***"Financial Instruments: Disclosures"*** - describes cases where offsetting of financial instruments in the condensed interim financial statements is appropriate to comply with IAS 34.

Improvements to IFRS

In December 2013 were adopted amendment to the following standards in accordance with IFRSs 2011-2013 cycle improvements:

- IFRS 1 ***"First-time Adoption of International Financial Reporting Standards"*** - specifies which versions of IFRS may be used on initial recognition (amended in Part conclusions);6/12/2015 ********* *********
- IFRS 3 ***"Business Combinations"*** - specifies that IFRS 3 excludes from its review of accounting for the formation of joint activities in the financial statements of the joint ventures;
- IFRS 13 ***"Fair Value Measurement"*** - to be confirmed area determination Portfolio - for exclusion to paragraph 52;
- IAS 40 ***"Investment Property"*** - given an explanation of the relationship of IFRS 3 and IAS 40 in the classification of property as an investment property or real estate

occupied by the owner.

In December 2013 were adopted amendment to the following standards in accordance with IFRSs 2010-2012 cycle improvements:

- IFRS 2 ***"Share-based Payment"*** - changes the definition of 'transfer of rights "and" market conditions "and adds the definition of' performance" and "terms of service";
- IFRS 3 " ***Business Combinations*** "- defines contingent consideration that is classified as an asset or liability assessment at fair value which should be carried out at each balance sheet date;
- IFRS 8 " ***Operating Segments*** "requires disclosure considerations guide the application of criteria for aggregation of operating segments, clarified that segment assets necessary approval only if indicated by segments are reported regularly;
- IFRS 13 " ***Fair Value Measurement*** "- clarified that the issue of IFRS 13 and making changes to IFRS 9 " ***Financial Instruments*** "and IFRS 39" ***Financial Instruments: Recognition and Measurement*** "does not preclude the display of some short-term receivables and payables without discounting;
- IAS 16 " ***Property and equipment*** "and IAS 38" ***Intangible assets*** "- clarified ;
- IAS 24 " ***Disclosure of related parties*** "- specifies the procedure for disclosing entities provide Services management.

These improvements are effective for annual periods beginning July 1, 2014 or after. The adoption of these improvements will have no impact on the financial statements of the Company.

Note 4. Operating environment and economic situation

The refusal of the government of Ukraine in November 2013 to sign the agreement Avenue. Association with the European Union countries led to mass protests and military confrontations in the south and east of Ukraine, and, consequently, the political and economic crisis. Improving the economic situation in the country depends on a combination of fiscal and other economic and legal measures that will be implemented by the Government of Ukraine. Due to the uncertainty of the list and timing for such measures, it is impossible to reliably estimate the effect of the current economic situation in the company. Trading partners Companies may be exposed to low liquidity, which in turn can affect their ability to repay their debts. Management is unable to reliably estimate the effects on the financial condition of the company any possible further deterioration in the financial markets and the growth of their instability.
The financial statements have been prepared assuming the continuity of the enterprise, which involves the realization of assets and liabilities in the normal course of economic activity. The financial statements do not include any adjustments for displaying possible future consequences concerning compensation and classification reflected amounts of money, other assets or liabilities that may arise from such uncertainty.

Note 5. Principles ratings

The financial statements have been prepared using accounting principles to historical cost.

Going Concern
The financial statements have been prepared on the going concern of the Company, pursuant to which the realization of assets and settlement of liabilities is at its normal activities.

Critical accounting estimates and judgments

In preparing the financial statements have been applied a number of value judgments and assumptions that affect the value of assets and liabilities recorded in the financial statements. Established assumptions and judgments are based on historical experience, current and expected economic conditions, and other available information. Judgments that most significantly affect the amounts recognized in the financial statements and assessment of the significance of which can cause adjustment to the carrying amounts of assets and liabilities in the next financial year include:

- ***The working life of fixed assets and intangible assets***

Depreciation or amortization on fixed and intangible assets, accrued over the term of their useful lives. Useful lives are based on management estimates of the period over which the asset will be profitable. These terms periodically for further correspondence. As for durable assets, changes in estimates used could lead to significant changes in book value.

- ***Impairment of Assets***

The Company regularly reviews the state of trade receivables and other amounts receivable for impairment of assets. Management of the Company uses its judgment for the evaluation of the amounts of any impairment loss in cases where the contractor has financial difficulty. The Company evaluates based on historical data and objective evidence of impairment.

- ***Deferred tax assets and liabilities***

To assess the likelihood of realization of deferred tax assets (liabilities) in the future, various factors including operating results of previous years, the operational plan, expiration of tax loss compensation and tax planning strategies. If actual results differ from estimated or these estimates should be revised in future periods, it can have a negative impact on the financial position, results of operations and cash flows. If the value of the recognition of deferred tax assets in the future should be reduced, this reduction will be recognized in the statement of comprehensive income.

Note 6. Summary of accounting policies

Fixed assets

Items of fixed assets are recognized in the statement of financial position of the Company at historical cost less accumulated depreciation and any impairment object. The initial value of these assets includes costs directly attributable to the acquisition of assets and bring them to a condition ready for operation. For facilities constructed by economic means - the cost will be recognized by all costs directly related to the conduct of the building and spread overhead costs (materials, wages, depreciation of equipment involved in construction and so on.).

Repairs and maintenance expenditures relating to the composition of the period in which such expenses are incurred.

The costs of reconstruction and modernization are capitalized.

Gains (losses) on disposals of fixed assets recorded in profit or loss when incurred.

Capital investments include equipment to establish and advances issued for the purchase of fixed assets not subject to amortization.

The cost of fixed assets is charged through depreciation over the useful life of the asset. For all of fixed assets, depreciation is calculated straight-line method.

Company shares facilities and equipment the following groups:

- Machinery and equipment;
- Tools, instruments, equipment;
- Other fixed assets.

For each item of property established its expected useful life. In some cases, the expected useful life may be shorter than the period of the economic life of an asset because of the nature of the expected asset for the Company. Estimated overall life of the asset is carried out using professional judgment based on experience with similar assets of the Company. The expected useful life on a regular basis (usually annually) inspected and, if necessary, revised. Depreciation is calculated straight-line basis over the estimated useful lives of the related assets:

Group assets	Period (years)
Machinery and equipment	2-5
Tools, instruments, equipment	4-10
Other non-current assets	2-5

The Company estimates the useful life of fixed assets is not less than the end of each fiscal year and, if expectations differ from previous estimates, the changes are recorded as changes in accounting estimates in accordance with IAS 8 (IAS 8) "Accounting Policies, Changes in Accounting Estimates and mistakes. " Such estimates can have a significant impact on the carrying value of fixed assets and the depreciation during the period.

Intangible assets

Intangible assets are recorded at historical cost less accumulated depreciation and accumulated amounts amounts possible impairment.

Self-created intangible assets are recognized only when they are created under development (in the sense of IAS 38 "Intangible Assets") and the Company can demonstrate the following:

- The technical feasibility of completion of intangible asset so that it can be used or sold;
- The intention to complete the creation of an intangible asset and use or sell it;
- Ist able to use the intangible asset;
- The way in which the intangible asset will generate probable future economic benefits;
- Availability of adequate technical, financial and other resources to complete development, use of the asset.
- The ability to reliably estimate the costs attributable to the intangible asset during its development.

Depreciation is calculated on a straight-line basis over the useful life of the asset. Intangible assets are tested for impairment at occurrence of risks devaluation. Regardless of the asset is checked at the end of each reporting period. Change in useful life of a change of accounting estimates and reflected prospectively.

In the reporting period as intangible assets The Company accounts for software products.

Inventories

Inventories are recorded at least from the acquisition cost or net realizable value.

At holiday stocks for sale and other disposal of their assessment carried out periodic weighted average cost, weighted average cost for the assessment of stocks held for each unit

of inventory balance by dividing the total value of such stock at the date of the operation on the total number of stocks on the trade date of their retirement.
To cost of sales include only the carrying amount of inventories that were implemented in the reporting period. The disposal of the remaining stocks included for their intended use (administrative, marketing costs) or other costs if retirement was not directly related to the receipt of income or economic performance of the functions of management or sales.

Financial instruments

Recognition of financial instruments

Financial assets and financial liabilities of the Company include cash and cash equivalents, accounts receivable and accounts payable, other liabilities and loans. The accounting policies for their recognition and measurement disclosed in relevant sections of these Notes.
During the reporting period The Company did not use any financial derivatives, interest rate swaps and forward contracts to reduce the foreign currency or interest rate risks.
The Company recognizes financial assets and financial liabilities in its statement of financial position when, and only when they become party to the contractual obligations for financial instruments. Financial assets and liabilities are recognized on the transaction date.
According to IAS 39 "Financial Instruments: Recognition and Measurement", financial assets are classified into the following four categories: financial assets at fair value through profit or loss; loans and receivables; investments held to maturity and financial assets held by the company for sale. Upon initial recognition, financial assets are recognized at fair value plus, if it does not investments at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of a financial asset. When the Company becomes a party to the contract, it considers that it contains embedded derivatives. Embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss if the analysis shows that the economic characteristics and risks of embedded derivatives are substantially different from those of the main indicators of contract.
The Company classifies financial assets directly after initial recognition and, if allowed or appropriate, revise the classification established at the end of each financial year.

All Purchases or sales of financial assets at "standard conditions" are recognized on the deal, which is the date when the Company undertakes to buy the asset. Purchases or sales of the "standard conditions" - a purchase or sale of financial assets that require delivery of assets within the period prescribed by regulation or convention in the market.
The company has one category of financial assets: loans and receivables.

Loans and receivables

Loans and receivables - non-derivative financial assets with fixed or definable payments that are not quoted in an active market. After initial measurement loans and receivables carried at amortized cost using the effective interest method, less provision for impairment. Amortized cost is calculated taking into account discounts or premiums arising on acquisition and includes fees that are an integral part of the effective interest rate and the cost of the transaction. Gains or losses arising from the termination of the asset in the financial statements, the depreciation and amortization charge recognized in the income statement for the period.
On initial recognition of the loan issued at fair value issued by funds, which are determined using market interest rates for similar instruments if they differ significantly from the interest rate on loans. The loans are measured at amortized cost using the effective interest method. The difference between the fair value of issued capital and the amount of the loan is reflected as interest receivable over the term of the loans. Amortized cost is calculated by taking into account any costs associated with the transaction, and any discount or premium at maturity.
Loans maturing more than twelve months from the date of statement of financial position are included in non-current assets.
Receivables displayed with regard to value added tax (VAT) and initially counted the cost, which will have to pay the debtor. Trade and other receivables are adjusted for the amount of the allowance for impairment. Provision for doubtful debts is created there is objective evidence that the Company will not be able to receive arrears with regard to initial conditions. Signs that impaired receivables are considered significant financial difficulties of the counterparty, likelihood of bankruptcy, reorganization, failure to pay or delay payment. If the receivable is uncollectible, it is written off against the allowance for doubtful receivables. Payment of amounts previously written off are recognized as revenue in the period.

Fair value

The estimated fair values of financial assets and liabilities are determined using available market information and appropriate valuation techniques. However, to interpret market data to estimate the fair value of the required qualified opinion. Accordingly, the assessment does not necessarily indicate the amount that can be implemented in existing markets. The use of different market assumptions and / or estimation methods could have a significant impact on the estimated fair value.
The estimated fair values of financial assets and liabilities are determined using a discounted cash flow and other appropriate valuation techniques by the end of the year; it does not indicate the fair value of these instruments at the date of these financial statements. These estimates do not reflect any premium or discount that could result from the simultaneous sale offers a complete package of specific financial instruments of the Company. Fair value estimates are based on judgments regarding anticipated future cash flows, current economic conditions, risks inherent in various financial instruments and other factors.
Fair value is based on existing financial instruments without attempting to estimate the expected value of the futures transaction and the value of assets and liabilities that are not considered financial instruments. In addition, tax ramifikatsiya (branching) is associated with the implementation of unrealized gains and losses may affect the fair value estimate and therefore not taken into account in the reporting.

Provision for impairment of trade and other receivables

The Company has provision for impairment of trade and other receivables based on the evaluation of the Company debt recovery capabilities with specific customers. If a decrease in the creditworthiness of any key customer, or actual losses from default by debtors exceed evaluation of the Company, actual results may differ from these estimates.

If the Company determines that there is no objective confirmation of specific impairment of receivables, regardless of the amount of such receivables included in the category of receivables with similar credit risk characteristics. The aggregate debt of the following categories, in turn, is tested for impairment.

Credit risk characteristics, according to which there is a grouping of receivables related to the estimation of future cash flows generated by such indebtedness in turn depend on the ability of the debtor to repay

according to the agreed conditions.
Future cash flows on a group of debtors that are assessed collectively for impairment are determined with contractual cash flows, current economic conditions in general terms the emergence of receivables, the experience of the Company to write-off these debts in the past, the creditworthiness of customers, changes in payment terms and contracts other circumstances which, in the opinion of the Company, may affect the future cash flows from such liability.
Changes in the economy, sectoral specifics or the financial situation of individual clients may result in adjustments to the value of provision for impairment of trade and other receivables recognized in the financial statements.

Cash and cash equivalents
The structure of funds include cash in bank accounts and in cash. By cash equivalents include highly liquid short-term investments that can be readily converted into cash, with a maturity of three months from the date of acquisition, the cost of which is subject to minor fluctuations.

Value added tax
Value added tax charged to the Company at the rate specified in Art. 193 CLE. In connection with the entry into force of the Law of Ukraine of 27 March 2014. N 1166-VII "On prevention of financial catastrophe and creating conditions for economic growth in Ukraine", on April 1, 2014 changed tax rules to VAT drugs, namely from 1 April 2014 regime abolished exemptions supply drugs approved for manufacture and use in Ukraine and listed in the State Register of Medicinal Products. Simultaneously with the same date medicines and medical products supplied in the assessment rates of value added tax of 7 percent (paragraph "c" of paragraph 193.1 of Article 193 Section V NKU). VAT amounts paid by the Company in the acquisition of goods and services using a tax rate of 7 percent and 20 percent rate, it included the tax credit in general terms. This applies to tax bills that compiled since 1 April this year and subsequent periods.

Equity
Equity of the Company includes the following elements: capital, unpaid capital and total income.
The authorized capital is the share capital recorded in the charter and registered in the Unified State Register of Enterprises and Organizations of net outstanding amount at the end of the reporting period. ***Total income includes*** accrued income (loss) of current and prior periods and accumulated other comprehensive income.

Financial liabilities
Financial liabilities are divided into 2 categories:

- Financial liabilities accounted for at fair value through profit or loss;
- Financial liabilities carried at amortized cost.

Financial liabilities are revalued through profit or loss
Upon initial recognition, financial liabilities can be classified as fair value through profit or loss if the following criteria are met:

(I) classification in this category eliminates or significantly reduces inconsistencies in treatment that otherwise would arise when assessing the liabilities or recognizing gains or losses on them;

(Ii) the liabilities are part of a group of financial liabilities managed and their performance against which they are assessed fair values inaccordance with the risk management policy;

(Iii) the financial liability contains an embedded derivative that must be separately reflected in the financial statements.

As at the balance sheet date The Company had no financial obligations that could be classified as fair value through profit or loss.

Accounts Payable

Payable initially determined and displayed according to the above policy regarding financial instruments. Later fixed maturity are measured at amortized cost using the effective interest. Amortized cost is calculated by taking into account any costs associated with the transaction, and any discount or premium at maturity. Financial liabilities that do not have fixed subsequently at cost.

Liabilities for dividends

The obligation to pay dividends recognized as liabilities in the period in which the dividends are approved by shareholders.

Rent

Lease, under which, the Company will be transferred all the risks and rewards of ownership are to be classified as a finance lease. Other leases are classified as operating leases.

The cost of operating lease is charged evenly over the lease object.

Assets obtained under finance leases are recognized and recorded as fixed assets on the least of: the fair value of the acquisition-date or current discounted value of the future minimum lease payments.

Income tax

Income tax for the year comprises current tax accrued and deferred taxes. Income tax is recognized in the income statement except when the calculation of income tax relates to items recognized directly in equity (in which case it is recognized in equity) or in other comprehensive income (recognized in other comprehensive income) .

Total current tax payable is calculated by the Company on profit before tax, determined by the laws of Ukraine using the tax rate in effect at the balance sheet date and includes adjustments to tax liabilities for previous years.

Deferred tax is provided using the balance sheet method on amount of temporary differences between the carrying amounts of assets and liabilities used for financial reporting and their value used for tax purposes. The value of deferred tax is determined by the expected manner of realization of assets or the payment of liabilities using tax rates enacted or announced at the balance sheet date. Deferred tax assets and liabilities are offset for financial reporting purposes because they relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities are reviewed at each reporting date and reduced if it is clear that there will be obtained an appropriate profit before tax. Assessment of probability includes judgments based on the expected results of operations. To assess the likelihood of realization of deferred tax assets (liabilities) in the future, various factors including operating results of previous years, the operational plan, expiration of tax loss compensation and tax planning strategies. If actual results differ from estimated or these estimates should be revised in future periods, it can have a negative impact on the financial position, results of operations and cash flows. If the value of the recognition of deferred tax assets in the future should be reduced, this reduction will be recognized in the income statement.

A deferred tax asset is recognized only in an amount not exceeding the expected future tax rate on profit before tax, due to which the asset will be realized. The amount of the deferred tax asset is reduced when receiving all the benefits of its implementation is unlikely.

At the time of registration of the company and in subsequent periods, in accordance with the provisions of the Tax Code of Ukraine, the income tax is paid at the following rates:

- the date of registration in June 2012 at Dr 31 December 2012 - 21%
- from 1 January 2013 to 31 December 2013 - 19%;
- 01 January 2014 - 18%.

Act of 28 December 2014 amended the Tax Code of Ukraine, which provide 2015 income tax calculation lead accounting rules adjusted accounting profit before tax to a certain number of tax differences. According to company management, it will not have any significant effect on the amount of expenses for income tax.

Reserves and ensure these expenditures and payments

Provisions are recognized when the Company, as a result of a past event, has a legal or constructive obligation for the settlement of which is likely to need an outflow of resources bearing in future economic benefits and which can be estimated with a high degree of reliability.

Revenue Recognition

Revenue is recorded at fair value of the consideration received or receivable expected.

Proceeds from the sale - is the value of output set by customers during the period. Management believes that the assumptions used and judgments underlying the data are reasonable. However, changes in these assumptions may affect the amount recognized in the statements of income.

Proceeds from sale of tangible assets is shown in the income statement when the significant risks and rewards of ownership of those assets transferred to the buyer, the amount of revenue can be reliably measured, and the likely flow to the enterprise economic benefits associated with the transaction and the costs incurred or to be incurred in the future on this transaction can be reliably determined. The date of the recognition of revenue on such transactions is the date of shipment to buyers of tangible assets, unless otherwise indicated in most contracts.

Revenues for service contracts displayed on the stage of completion of the contract.

Interest income is recognized in the income statement on an accrual basis based on the principal amount and the effective interest rate that discounts estimated future cash inflows over the life of the financial asset to the residual value of the asset.

Note 7. Fixed assets

Property and equipment are as follows:

(in thousands of UAH)

	Machinery and equipment	Tools, instruments and equipment	Other non-current mater.aktyvy	Together
Historical cost				
on 31.12.2012	160	2	-	162
Earnings	385	21	17	423
on 31.12.2013	545	23	17	585
Earnings	820	117	5	94 2
on 31.12.2014	1365	140	22	1527
Accumulated depreciation				
on 31.12.2012	(5)	(1)	-	(6)
Depreciation for the period	(37)	(2)	(11)	(50)
on 31.12.2013	(42)	(3)	(11)	(56)
Depreciation for the period	(184)	(4)	(11)	(199)
on 31.12.201 4	(226)	(7)	(22)	(255)
Residual value				
on 31.12.2012	155	1	-	156
on 31.12.201 3	503	20	6	529
on 31.12.201 4	1139	133	-	1272

Note 8. Intangible assets

All of the Company's intangible assets with definite useful life.

	Computer programming, etc.	Together
Historical cost	(In UAH'000)	(In UAH'000)
on 31.12.2012	92	92

Earnings	15	15
on 31.12.2013	107	107
Earnings	65	65
on 31.12.201 4	172	172
Accumulated depreciation and impairment		
on 31.12.2012	(2)	(2)
Depreciation for the period	(18)	(18)
on 31.12.2013	(20)	(20)
Depreciation for the period	(2 2)	(2 2)
on 31.12.201 4	(42)	(42)
Residual value		
on 31.12.2012	90	90
on 31.12.2013	87	87
on 31.12.201 4	130	130

Note 9. Income tax

The structure of deferred taxes as of 31.12.2014 and 31.12.2013, the year was as follows:

(In UAH)

	Provision for staff benefits and other reserves	The loss of previous years	Together
Deferred tax assets (negative values)			
on 31.12.2012	-	(333)	(333)
Income tax on ordinary activities	(329)	333	4
on 31.12.2013	(329)	-	(329)
Income tax on ordinary activities	(288)		(288)
on 31.12.2014	(617)		(617)

Deferred tax liabilities in the company available.
Income tax income consist of the following components (thous.):

	201 4	201 3
Current income tax	4089	2571
Income / expenses on deferred income tax	(288)	4
Total income tax	3801	2575

Under the provisions of the Tax Code of the tax rate on profits of enterprises gradually reduced from 21% in 2012 when the company was registered, up to 18% since 2014 (see. Note 6). Deferred tax assets and liabilities are measured at the income tax rate that is expected to apply in the period when the tax asset will be realized or the calculation of obligations.

Tax effect of temporary and permanent tax differences:

	201 3	
	UAH	UAH
Profit before tax	2,436	6,821

The tax rate for the active	439	1,296
Tax effect of expenses that are not included in tax	3,446	1,600
The impact of income which are not taken into account when determining the amount of taxable income	(101)	7
Change in deferred tax assets due to changes in tax rates	17	5
Taking into account the negative value of the previous tax period	-	(333)
Expenses for income tax, reflected in the statement of comprehensive income	3801	2575

Note 10. Inventories

As of December 31, inventories include (thous.):

		31.12.2013
Finished products and products in stock	55,785	57,334
Fuel	44	13
Total	55,829	57,347

Stocks carrying amount of INR 222,515 (55,829 thousand UAH) represented by net fair value of net markdowns on legacy assets worth INR 7,126 (1,788 thousand. UAH) (2013: INR 3,479 i.e. 873 thousand UAH.). Management decides to write off inventories to their net realizable value based on their age structure and characteristics of economic, technical and physical deterioration.

Note 11. Accounts receivable
Other accounts receivable represented as follows (thous.):

	31.12.2014 UAH	31.12.2013 UAH
Receivables for advances paid	3,033	1,562
Receivables from VAT	1,293	14
Deferred expenses	1,007	3
Other receivables	214	7
Total	**5,547**	**1,586**

Trade receivables in the company missing the fact that the majority of customers the company is on prepay, and customers that are calculated in terms postoplaty fully paid as at 31 December 2014.

Note 12. Cash and cash equivalents
As of December 31, cash and equivalents are as follows (thous.):

	31.12.2014	31.12.2013
Funds on current accounts	20,251	8,465
	20,251	**8,465**

Information on available cash of currencies is provided in note 25.

Note 13 Authorized capital

Registered share capital of the Company as of 31.12.2013 and 31.12.2014 year totaled 39.95 million USD. Participants of the Company in the reporting and the previous period were:

Member	The size of the share, UAH	The size of the share,%
1. Ranbaxy (Netherlands) BV	39550500	99
2. Ranbaxy Holdings (UK) Limited	399500	1
Total	39 950 000,00	100.00%

At the end of the reporting period, capital was paid in full.

Note 14 Accounts payable

Payables represented as follows (thous.):

	31.12.2014	**31.12.2013**
	UAH	UAH
Trade payables	35970	20 385
Current liabilities Income tax	2 912	2 570
Other current liabilities	11	6
Total	38893	2 2961

Note 15 Provision of current costs

Current provision are as follows (thousand).

	31.12.201 4	31.12.2013
Maintenance personnel expenses	2672	1292
Provision under utilization of drugs	-	873
Provision under nefakturovani supply of goods and services	753	534
Ensuring when returning goods to the buyer	10	-
Total	3435	2699

Changing the current provisions for 2014 is presented as follows (thousand). (In UAH)

	Balance at beginning of year	The increase for the year	Used in the reporting year	Reversed in the reporting year	Balance at end of year
Maintenance personnel expenses	1292	10626	9246	-	2672
Provision under nefakturovani supply of goods and services	534	5019	4800	-	753
Ensuring when returning goods to the buyer	-	808	798	-	10
Provision under	873	-	-	873	-

utilization of drugs					
Total	2699	16453	14844	873	3435

Note 16 Income from sale

For the year ended December 31, revenues of the Company were:

	2014	2013
Implementation in Ukraine	189,998	204714
Realyzatsiya on the territory of Moldova	581	-
Total	190579	204714

All proceeds received by the Company from the wholesale sale of medicines and services.

Note 17 Cost of sales
For the year ended December 31, cost of sales was:

	2014	2013
Cost of sales	(102,485)	(169,924)
Total	(102,485)	(169,924)

Note 18 Administrative expenses
For the year ended 31 December, administrative expenses comprised:

	2014	2013
Costs of administrative staff	5543	1764
Charges for salaries	793	242
Leasing and car maintenance	434	112
Banking services	314	325
Rent and service office	933	795
Information and consulting services, including audit services, recruiting	858	477
The costs of servicing computer systems	502	391
Other administrative expenses	806	147
Total	**10183**	**42533**

Note 19 Costs of sales
For the year ended December 31, cost of sales were as follows:

	2014	2013
Rental of warehouse and storage services	4771	5658
Personnel expenses Marketing and sales	24663	5394
Charges for salaries	8199	1479

Expenditure on advertising and promotion of medicines	6248	3283
Leasing and car maintenance	10998	1118
Quality control	786	513
Other sales expenses	1718	693
Total	57383	18138

Note 20 Other income
For the year ended December 31,
other income of the Company were:

	2014			2013
The cost of the goods free of charge in connection with the consent of the supplier to compensate the cost of goods with a short shelf life	-		5069	37,970
The amount of insurance compensation	7	28	148	1,109
Income from operating exchange differences	-		330	2,472
Total	**7**	**28**	**5547**	**41,551**

Note 21 Other expenses
For the year ended December 31, other expenses of the Company were:

	2014	2013
The financial result from purchase and sale of foreign currency	2720	4152
The financial result in the exchange rate differences transaction id	13106	871
Costs for disposal of medicines	32	6102
Taxes	340	-
Excess fuel costs	588	-
Other expenses	1313	-
Total	**18,099**	**11,125**

Note 22 Operating leases

As of the date of the financial statements of the Company had contractual obligations on operating leases, which were as follows:

(In UAH'000)

	Rental Property		Transport Rentals	
	2014	2013	2014	2013
Within one year	3 161	1 428	5872	5 152
from 2 to 5 years	1 212	694	5 270	4 401
Over 5 years	-	-	-	-
	4373	2122	11142	9553

Lease payments to be made inthe future after December 31, 2014 represents the commitment to lease the office term of 13 months additional agreement on the terms of 19.12.2014r. the lease №12-KP on 24.12.2012r. with "First Investment Company Dnepr" INR 577,196 (UAH 144,818.48) thousand. (Excluding VAT) per month for a period of 21 months under the lease agreement №0703 / 2014 from 07.03.2014r. with "Universal Lodzhystik» INR 472,780 (UAH 118 620.62) thousand.(Excluding VAT) per month and rented automobile transport in terms of operating lease OL-0749-12-KY from 13.08.2012r. with "First Leasing Company» INR 1,557,959 (UAH 390 891.89) thousand per month for a period of 3 years 9 months. (To 09/14/2018) and rented automobile transport under the terms of an operating lease 17.10.2012r. of enterprises with foreign investments "VIP-Rent" INR 392,256 (UAH 98 417.02) thousand per month for a period of 10 months (until 06.10.2015r.).

Note 23 Related Party Transactions

In these financial statements are considered to parties, one of which controls the company or controlled by it, or together with the organization are the subject of joint control.

Related parties may enter into transactions that were not carried out would be between unrelated parties, the prices and terms of such transactions may differ from the agreements and conditions between unrelated parties.

Related parties include :

- A ktsioneriv;
- Key managing personnel and close members of their families ;
- Companies that are controlled or are experiencing significant influence shareholders.

Transactions with related parties for the year ended December 31, balance and corresponding

calculations are as follows
(thousands):

	2013	
	UAH	UAH
Purchase of medicines (real imports)	101,762	181,803
Trading Elnya payables	35,352	19,732

possess the powers and obligations in connection including the director .
For the year ended December 31, retention of key management personnel was (thous.):

	2013	
Zar corrupt fees and other promotion	2624	1081
Charges for salaries	131	88
Total short-term benefits	2755	1169

Note 24 Contingent Liabilities and Potential

Contractual Obligations

As of December 31, 2014 The Company had no significant contractual obligations to third parties.

Legal issues

In the normal course of business for 2014 The Company does not act as a defendant in separate lawsuits and claims.

The tax system

Considering the instability of tax policy, evaluation of deferred tax assets and liabilities was based on management judgment Society, which was based on information that was in his possession at the time of these financial statements.

When calculating the amounts of deferred tax assets and liabilities The Company used the tax rates that are expected to operate during the reversal of temporary differences that led to the emergence of related deferred tax assets and liabilities.

Value added tax charged to the Company at the rate specified in Art. 193 CLE. In connection with the entry into force of the Law of Ukraine of 27 March 2014. N 1166-VII "On prevention of financial catastrophe and creating conditions for economic growth in Ukraine", on April 1, 2014 changed tax rules to VAT drugs, namely regime abolished exemption from taxation of supplies of drugs approved for production and use in Ukraine and listed in the State Register of Medicinal Products. Simultaneously with the same date medicines supplied with the accrual rate of VAT of 7 per cent (paragraph "c" of paragraph 193.1 of Article 193 Section V NKU). VAT amounts paid by the Company in the acquisition of goods and services using a tax rate of 7 percent and 20 percent rate, it included the tax credit in general terms.

Note 25 Financial instruments - risk management

Company in the reporting period possessed such financial instruments:

	2014	2013
FINANCIAL ASSETS		
- Loans and receivables		
Trade receivables	-	-
Trading debt accrued income	-	7
Cash and cash equivalents	20,251	8,465
	20,251	**8,472**
FINANCIAL LIABILITIES		
- Which are carried at amortized cost		
Trade payables	35,970	20,385
Maintenance personnel benefits under nefakturovani supply of goods and services	3,435	2,699
Payables for calculations of wages	11	6
	39,416	**23,090**

Risk management is an important element of the Company. The main risks inherent in the activities of the Company are those related to credit, currency risk and liquidity risk. Description of the Company and risk management policies for those risks is as follows.

Credit risk

Financial instruments that may expose the Company significant credit risk, are cash and cash equivalents, receivables. Cash and cash equivalents are recognized bank with foreign investment.

Trade receivables as of 31.12.2014 p. No. The Company does not require collateral in financial assets. Guidelines developed by the Company credit policy, and possible credit risks are constantly monitored. Risk assessment is performed on all counterparties for which credit risk exceeds a certain amount.

In accordance with paragraph 36 of IFRS 7 "Financial Instruments: Disclosures", at the end of 2014, the Company determined the maximum credit risk in the amount of the book value of cash and cash equivalents, which is 20 251 thousand. UAH. Quantitative reflect credit risk on financial assets is presented below.

	Book value UAH	UAH
Cash and cash equivalents	20251	20251
	20251	20251

Credit risks the Company is monitored and analyzed in each case, and management believes that credit risk is appropriately reflected in the allowance for impairment of assets.

Currency risk

For the Company, like many other businesses that operate in Ukraine, foreign currencies, particularly the US dollar and the euro, play a significant role in the implementation of business operations. As of December 31, 2013 the official rate of the National Bank of Ukraine ("NBU") amounted to 7.993 UAH for 1 USD and 11.042 hryvnia for one euro. As of December

31, 2014 the official rate of the National Bank of Ukraine ("NBU") amounted to 15.769 UAH for 1 USD and 19.233 hryvnia for one euro. Thus came true a significant depreciation of the national currency against the US dollar and the euro, which substantially affects the growth of currency risk.

Details of the change of course of key foreign currencies for reporting and prior periods is presented below.

US dollar	2014	2013
Average rate	11.954	7.993
NBU rate at end of period	15.769	7.993
EURO	2014	2013
Average rate	15.782	10.616
NBU rate at end of period	19.233	11.042

Cash in foreign currency as well as trade receivables and payables give rise to currency risk.

Under IFRS 7, currency risk arising from financial instruments denominated in currencies that are not functional and are monetary in nature; risks associated with the conversion of currencies not included. Foreign exchange risk arises mainly on non-functional currencies in which the Company holds financial instruments.

The following table shows the concentration of foreign exchange risk of the Company as at 31 December 2014.

	Grn	Euro	USD	Non-Article	Together
АКТYVЫ					
Tangible and intangible assets	-	-	-	1402	1402
Deferred tax assets	-	-	-	617	617
Inventories	-	-	-	55829	55829
Trade and other receivables	-	-	-	4540	4540
Cash and cash equivalents	20033	-	218	-	20251
Deferred expenses	-	-	-	1007	1007
Total assets	20033	-	218	63395	83646
Liabilities 'Liabilities					
Trade and other payables	(4064)	(23 045)	(12 307)	(2912)	(42 328)
Total liabilities	(4064)	(23 045)	(12 307)	(2912)	(42 328)
Net balance sheet position	15969	(23 045)	(12,089)	60483	41318

As a result of the economic crisis Ukraine (see. Note 4) in 2014 there was a significant devaluation of the national currency against the US dollar (+ 97%) and the euro (+ 74%) and the risk of further depreciation of 20-40% over the next year remains relevant.

The table below shows the sensitivity of profit before tax of the Company for forecasting changes in foreign exchange rates, the constant other components.

	Growth	The impact on profit before tax
For the year ended December 31, 2014		
Changes in exchange rates Euro	+ 25%	(5761)
Change of exchange rate USD	+ 25%	(6227)

That is, society is undergoing significant risk of exchange rate losses due to devaluation of the Ukrainian hryvnia against the US dollar and the euro.
The Company did not conduct operations to hedge currency risk. However, the pricing policy of the Company envisages indexation of prices for their products according to changes in purchase prices.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay obligations when they mature. The Company carries out careful management and monitoring of liquidity. The Company uses the process of budget preparation and forecasting cash flow, which ensures the availability of necessary funds in the Company to meet its payment obligations. Based on the projected cash flows are taken decision on investment funds or attract funding when required. The policy of credit risk management gives the Company enough cash to meet its obligations on time.

31.12.2014	3 months	Up to 6 months	Up to 12 months	More than 1 year	Total
D ebitorska receivable for products, goods, works, Services	-	-	-	-	-
Cash				-	
Cash on hand and current account	20251	-	-	-	20251
TOTAL ASSETS	20251	-	-	-	20251
Trading for redytorska debt	35970	-	-	-	35970
Maintenance personnel benefits under nefakturovani supply of goods and services	763	-	2672	-	3435
Current liabilities estimated to pay	11	-	-	-	11
TOTAL LIABILITIES	36744	-	2672	-	39416
Net position	(16,493)	-	(2672)	-	(19,165)

In the period after the end of 2014 and the signing of the financial report has not occurred any event which could have a significant impact on these statements, except for currency devaluation as a result of the economic crisis Ukraine, as discussed in Note 25.