

RANBAXY (THAILAND) COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED MARCH 31, 2015
AND
AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT



Audit Report of Certified Public Accountant

To the shareholders of Ranbaxy (Thailand) Company Limited

I have audited the accompanying financial statements of Ranbaxy (Thailand) Company Limited which comprise the statements of financial position as at March 31, 2015, and the related statements of income and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ranbaxy (Thailand) Company Limited as at March 31, 2015, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Certified Public Accountant
Registration No. 2241

Bangkok
April 15, 2015

RANBAXY (THAILAND) COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION AS

AT MARCH 31,2015

		Baht	
		2015	2014
ASSETS			
	Notes		
CURRENT ASSETS			
Cash and cash equivalents	4	12,747,082.67	65,502,506.49
Current investments	5	30,262,336.44	
Trade and other receivables	6	7,811,510.18	7,466,220.67
Inventories, net	7	15,925,280.88	14,030,130.65
Other current assets		2,559,817.08	
		69,306,027.25	86,998,857.81
NON-CURRENT ASSETS			
Equipment, net	8	111,782.98	102,61 1.90
Intangible assets, net	9	3,541,594.10	3,947,518.10
Refundable deposit		212,750.00	171,950.00
		3,866,127.08	4,222,080.00
TOTAL ASSETS		73,172,154.33	91,220,937.81

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2015

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		2015	2014
CURRENT LIABILITIES			
Trade and other payables	10	25,508,572.56	26,264,789.97
Advance from customers		10,637,689.70	48,693,093.64
Income tax payable	11	2,149,431.89	405.06
Total Current Liabilities		38,295,694.15	74,958,288.67
NON-CURRENT LIABILITIES			
Employee benefit obligations		1,188,249.00	979,107.00
Total Non-Current Liabilities		1,188,249.00	979,107.00
Total Liabilities		39,483,943.15	75,937,395.67
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
165,000 ordinary shares of Baht 100 each		16,500,000.00	16,500,000.00
Issued and paid-up share capital			
165,000 ordinary shares of Baht 100 each		16,500,000.00	16,500,000.00
Retained earnings (Deficit)		17,188,211.18	(1,216,457.86)
Total shareholders' equity		33,688,211.18	15,283,542.14
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		73,172,154.33	91,220,937.81

The accompanying notes are an integral part of these financial statements.

RANBAXY (THAILAND) COMPANY LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2015

	Baht	
	2015	2014
REVENUES		
Revenue from sales	136,597,474.98	6,460,947.00
Other income	2,778,851.56	170,809.49
Total revenues	139,376,326.54	6,631,756.49
EXPENSES		
Cost of sales	103,552,944.49	4,685,771.31
Selling expenses	573,157.26	
Administrative expenses	12,136,708.74	1,093,859.77
Total expenses	116,262,810.49	5,779,631.08
Profit before income tax expense	23,113,516.05	852,125.41
Income tax expense	4,708,847.01	876.28
NET PROFIT	18,404,669.04	851,249.13

The accompanying notes are an integral part of these financial statements.

RANBA.XY (THAILAND) COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Baht		
	Issued and paid-up share capital	Retained earnings (Deficit)	Total
Balance as at January 1, 2014	16,500,000.00	(2,067,706.99)	14,432,293.01
Net profit for the year 2014		851,249.13	851,249.13
Balance as at March 31, 2014	16,500,000.00	(1,216,457.86)	15,283,542.14
Net profit for the year 2015		18,404,669.04	18,404,669.04
Balance as at March 31, 2015	16,500,000.00	17,188,211.18	33,688,211.18

The accompanying notes are an integral part of these financial statements.

RANBAXY (THAILAND) COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. GENERAL INFORMATION

Ranbaxy (Thailand) Company Limited was incorporated as a limited company in Thailand on February 20, 2013. The registered office of the company is located at No. 31 Phayathai Building, 3rd Floor, Room 313-314, Phayathai Road, Ratchathevi, and Bangkok.

These financial statements were authorized to issue by the Company's directors on April 15, 2015.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities ("TFRS for NPAEs"). The financial statements of the Company for the years ended December 31, 2014, are presented in accordance with the Notification of the Department of Business Development dated September 28, 2011, regarding "The Brief Particulars in the Financial Statements B.E. 2554".

The financial statements have been prepared under the historical cost convention except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions

Transactions denominated in foreign currencies are translated into Baht at rate of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the referenced exchange rate established by the Bank of Thailand on that date.

Foreign exchange gains or losses are recognized as income or expenses in the statement of income.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits held at call with banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.3 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.4 Inventories

Inventories are valued at the lower of cost (weighted average method) or net realizable value.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of inventory, such as import duties and transportation charges, less all attributable discount.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value is recognized as an expense in the period the write down occurs and presented as cost of sales.

3.5 Equipment

Equipment is stated at cost, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated useful lives of the assets as follows:

	<u>Years</u>
office equipment	5
Furniture and fixtures	5

3.6 Intangible assets

Intangible assets consist of trademarks and computer software.

Intangible assets are stated at costs less accumulated amortization. Amortization is recognized in the statement of income on the straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

	<u>Years</u>
Trademarks	10
Computer software	3

3.7 Provisions

Provisions is recognized 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.

Provision for employee benefit

Obligations for retired benefits are recognized using the best estimate method at the reporting date.

3.8 Revenue recognition*Sales of goods*

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting goods returns, discounts and allowances.

Interest and other income

Interest and other income are recognized in the statement of income as they accrued.

4. CASH AND CASH EQUIVALENTS

	Baht	
	2015	2014
Cash on hand	6,387.57	249.00
Cash at bank - current account	174,953.00	770,033.47
Cash at bank - saving account	2,565,742.10	64,732,224.02
Cash at bank - fixed deposit 3 months	10,000,000.00	
Total	12,747,082.67	65,502,506.49

5. CURRENT INVESTMENTS

	Interest Rate	Baht	
		2015	2014
Cash at bank - fixed deposit 6 months	2.60%	10,131,168.22	
Cash at bank - fixed deposit 6 months	2.60%	10,131,168.22	
Cash at bank - fixed deposit 6 months	2.60%	10,000,000.00	
Total		30,262,336.44	

6. TRADE AND OTHER RECEIVABLES

	Baht	
	2015	2014
Trade accounts receivable - net	5,093,536.07	6,913,213.29
Other accounts receivable	2,036,118.40	132,345.28
Advance payment	630,000.00	414,085.50
Prepaid expenses	51,855.71	6,576.60
Total	<u>7,811,510.18</u>	<u>7,466,220.67</u>

7. INVENTORIES

	Baht	
	2015	2014
Raw materials	7,816,969.39	6,573,773.36
Packaging	4,456,356.48	4,616,416.01
Work in process	3,870,569.13	3,059,532.28
Finished good	149,769.88	
Provision for obsoleted inventories	(368,384.00)	(219,591.00)
Inventories, net	<u>15,925,280.88</u>	<u>14,030,130.65</u>

8. EQUIPMENT

	Baht			Balance as at March 31, 2015
	Balance as at March 31, 2014	Additions	Deductions	
	At Cost:			
Office equipment	112,118.02	50,990.00		163,108.02
Furniture and fixtures	6,038.30			6,038.30
Total	118,156.32	50,990.00		169,146.32
Less Accumulated depreciation:				
Office equipment	15,061.98	40,619.82		55,681.80
Furniture and fixtures	482.44	1,199.10		1,681.54
Total	15,544.42	41,818.92		57,363.34
Equipment, net	102,611.90	9,171.08		111,782.98

9. INTANGIBLE ASSETS

	Baht			Balance as at March 31, 2015
	Balance as at March 31, 2014	Additions	Deductions	
	At Cost:			
Trademarks	3,947,000.00			3,947,000.00
Computer software	34,000.00			34,000.00
Total	3,981,000.00			3,981,000.00
Accumulated amortizations:				
Trademarks	32,892.00	394,704.00		427,596.00
Computer software	589.90	11,220.00		11,809.90
Total	33,481.90	405,924.00		439,405.90
Intangible assets - net	3,947,518.10	(405,924.00)		3,541,594.10

10. TRADE AND OTHER PAYABLES

	Baht	
	2015	2014
Trade accounts payable	24,611,014.87	23,601,856.24
Other accounts payable	239,726.85	25,354.50
VAT payable		2,259,071.73
Accrued expenses	657,830.84	378,507.50
Total	25,508,572.56	26,264,789.97

11. INCOME TAX

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

12. CONTINGENT LIABILITIES AND COMMITMENTS

The company has entered into lease agreement and service agreement covering its office premises for a period of three (3) years commencing November 1, 2013, with annual rental and service charge of Baht 516,600.

Under the terms of the agreements, the Company is required to pay deposit in amount of Baht 129,150 to the lesser which presented under "Refundable deposit" in the statement of financial position.