REXCEL EGYPT COMPANY (L.L.C)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
TOGETHER WITH AUDITOR'S REPORT

Translation of Auditor's report
Originally issued in Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REXCEL EGYPT COMPANY (L.L.C.)

Report on the Financial Statements

We have audited the accompanying financial statements of **REXCEL EGYPT COMPANY (L.L.C.),** represented in the balance sheet as of 31 March 2015, and the related statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 professional 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.

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

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **REXCEL EGYPT COMPANY (L.L.C.)**, as of 31 March 2015, and of its financial performance and its cash flows for the period then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of matter

Without qualifying our opinion, the Company incurred cumulative losses amounting to L.E 1,145,754 till the year ended 31 March 2015 which exceeded the paid up capital. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an Extraordinary General Meeting shall be convened to decide whether the Company should continue its operations.

Report on other legal and regulatory requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the General Managers' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Cairo:

Amr M. Shaabini
FESAA – FEST
(RAA 9365)
(EFSAR 103)

REXCEL EGYPT COMPANY (L.L.C.)

BALANCE SHEET
As Of 31 March 2015

	Note	31/3/2015 LE	31/3/2014 LE
Noncurrent assets			
Fixed assets	(3)	-	-
Total noncurrent assets		-	-
Current assets			
Inventory	(4)	**843,151**	1,548,211
Trade and notes receivable	(5)	**574,250**	593,697
Due from related parties	(11-1)	**4,815,242**	3,824,365
Prepayments and other receivables	(6)	**453,496**	407,776
Cash at banks	(7)	**1,182,330**	759,472
Total current assets		**7,868,469**	7,133,521
Current liabilities			
Provisions	(8)	**103,548**	103,548
Trade and notes payable		**147,110**	153,509
Due to related parties	(11-2)	**5,712,606**	4,245,227
Income tax payable	(10)	**9,078**	135,047
Accrued expenses and other payables	(9)	**388,881**	275,668
Total current liabilities		**6,361,223**	4,912,999
Working capital		**1,507,246**	2,220,522
Total investment		**1,507,246**	2,220,522
Financed as follows			
Equity			
Issued and paid up capital	(12)	**240,000**	240,000
Legal reserve		**240,000**	240,000
(Accumulated losses)		**(432,478)**	(563,644)
(Losses) profits for the year / period		**(713,276)**	131,166
Total equity		**(665,754)**	47,522
Non Current liabilities			
Due to related parties - long term	(11-2)	**2,173,000**	2,173,000
Total finance of working capital		**1,507,246**	2,220,522

Financial Manager	General Manager
Parmesh Adarkar	**Dr. Ibrahim Shalaby**

- The accompanying notes from (1) to (19) are an integral part of these financial statements.
- Auditor’s report “attached”.

REXCEL EGYPT COMPANY (L.L.C.)

STATEMENT OF INCOME
For The year ended 31 March 2015

	Note	**From 31/3/2014 to 31/3/2015 LE**	From 1/1/2013 to 31/3/2014 LE
Sales	(13)	**2,652,483**	4,675,974
Cost of sales	(14)	**(1,362,645)**	(1,404,346)
GROSS PROFIT		**1,289,838**	3,271,628
Selling and marketing expenses		**(895,597)**	(1,518,870)
General and administrative expenses		**(1,165,678)**	(1,396,362)
Provisions	(8)	**-**	(94,130)
Impairment of accounts receivable	(5)	**(2,185)**	-
Foreign exchange (losses) gains		**(22,636)**	2,976
OPERATING (LOSSES) PROFITS		**(796,258)**	265,242
Finance expenses		**(292,228)**	(398,309)
Other income		**384,288**	399,280
(LOSSES)/PROFITS BEFORE INCOME TAXES		**(704,198)**	266,213
Income taxes	(10)	**(9,078)**	(135,047)
LOSSES/PROFITS FOR THE YEAR / PERIOD		**(713,276)**	131,166

Financial Manager	**General Manager**
Parmesh Adarkar	**Dr. Ibrahim Shalaby**

- The accompanying notes from (1) to (19) are an integral part of these financial statements.

REXCEL EGYPT COMPANY (L.L.C.)

STATEMENT OF CHANGES IN EQUITY
For The year ended 31 March 2015

	Capital	Legal reserve	Accumulated losses	Profits/Losses for the period / year	Total
	LE	LE	LE	LE	LE
Balance as of 1 January 2013	240,000	240,000	(1,225,686)	662,042	(83,644)
Transferred to accumulated losses	-	-	662,042	(662,042)	-
Profits for the period	-	-	-	131,166	131,166
Balance as of 31 March 2014	**240,000**	**240,000**	**(563,644)**	**131,166**	**47,522**
Transferred to accumulated losses	-	-	131,166	(131,166)	-
Losses for the year	-	-	-	(713,276)	(713,276)
Balance as of 31 March 2015	**240,000**	**240,000**	**(432,478)**	**(713,276)**	**(665,754)**

- The accompanying notes from (1) to (19) are an integral part of these financial statements.

REXCEL EGYPT COMPANY (L.L.C.)

STATEMENT OF CASH FLOWS
For The year ended 31 March 2015

	Note	**From 31/3/2014 to 31/3/2015**	From 1/1/2013 to 31/3/2014
Cash Flows From Operating Activities		**LE**	LE
(Losses)/profits before income taxes		**(704,198)**	266,213
Write down of inventory	(4)	**823,123**	285,366
Reversal of write down of inventory	(4)	**(76,488)**	(14,550)
Impairment of accounts receivables	(5)	**2,185**	-
Provisions	(8)	**-**	94,130
		44,622	631,159
Change in inventory		**(41,575)**	(773,622)
Change in trade and notes receivable		**17,262**	340,347
Change in due from related parties		**(990,877)**	95,029
Change in prepayments and other receivables	(6)	**(45,720)**	79,054
Change in trade and notes payable		**(6,399)**	36,667
Change in due to related parties		**1,467,379**	(421,976)
Change in accrued expenses and other payables	(9)	**113,213**	(88,781)
Cash Flows Provided from Operating Activities		**557,905**	(102,123)
Income tax paid		**(135,047)**	(193,963)
Provisions used	(8)	**-**	(9,760)
Net Cash Flows Provided from (Used in) Operating Activities		**422,858**	(305,846)
Net increase (Decrease) in cash and cash equivalents-during the year / period		**422,858**	(305,846)
Cash and cash equivalent – beginning of the year / period		**759,472**	1,065,318
Cash and cash equivalent – end of the year / period	(7)	**1,182,330**	759,472

- The accompanying notes from (1) to (19) are an integral part of these financial statements.

REXCEL EGYPT COMPANY (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

1 BACKGROUND

Rexcel Egypt (L.L.C.) is an Egyptian Limited Liability Company was established under the Egyptian Law no. 159 of 1981 and its executive regulation.

The company was registered in the commercial registry under no. 1178 on August 6, 1998. The company's legal domicile is in Giza – Arab Republic of Egypt.

The company's duration is 25 years starting from the date of registration in the commercial registry.

The company is located at 3 Ahmed Nessim St., Giza, Egypt.

The principal activities of the company are:

1. Manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials.
2. Construction and operation of factories for production of all types of pharmaceutical and chemical products.
3. The company has the right to import equipment, machines, tools, and all raw materials concerning pharmaceutical & chemical products that help the company achieve its purposes.
4. Export, import and Commercial agencies

The company undertakes its activities in compliance with applicable regulatory laws and regulations provided that they obtain necessary licenses as applicable.

According to the Extraordinary General Assembly dated 10 December 2013 the financial year end was changed from 31 December to 31 March for each year.

The financial statements of the company for the period ended 31 March 2014 were authorized for issue by management on 28 April 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation
The financial statements are prepared in accordance with the going concern and historical cost basis.

Statement of compliance
The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

2-2 Changes in accounting policies
The accounting policies adopted this year are consistent with those of the previous year.

2-3 Foreign currency translation

- The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.

- Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

- Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. All differences are recognized in the statement of income.

- Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

- Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

2-4 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the building, plant, and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the building, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of income as incurred.

	Years
Machinery and equipment	3 - 5

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

2-5 Inventory

Inventory is valued at the lower of cost (using the moving average method) or net realizable value.

The amount of any write down of inventories to net realizable value shall be recognized in cost of sales in the statement of income in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of income in the period in which the reversal occurs.

2-6 Accounts receivable and other receivables

Accounts receivable and other receivables are stated at original invoice amount net of any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of income. Reversal of impairment is recognized in the statement of income in the period in which it occurs.

2-7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation, and reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.
In case of significant time value of money, the amount recognized as a provision is the present value expected to settle the obligation.

2-8 Employees' retirements benefits

The company contributes to the social insurance scheme for the benefits of its employees in pursuance of the Social Insurance Law No. 79 of 1975 as amended. Contributions are charged to expenses as incurred.

2-9 Legal reserve

According to the Company's articles of association, 10% of the net profits of the year is transferred to the legal reserve until this reserve reaches 100% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the management.

2-10 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, usually on delivery of the goods.

Interest income

Interest income is recognized on the basis of the proportion of time taking into account the effective rate of return on the asset.

2-11 Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

2-12 Borrowing Cost

Borrowing cost is directly recognized in the income statement as finance expense during the period in which it occurred. Borrowing cost represents the amount of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-13 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

2-14 Expenses

All operating expenses are accounted for including general and administrative costs, and are all included in the statement of income for the period in which they are incurred.
Some administrative, general and marketing are divided between Ranbaxy Egypt Ltd. and Rexcel Egypt by average of 92% and 8% respectively.
These expenses serve both companies according to present agreements.

2-15 Accounting estimates

The preparation of financial statements in accordance with Egyptian Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets & liabilities and revenues & expenses during the reporting period. Actual results may differ from those estimates.

2-16 Impairment

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non financial assets

The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) or its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

2-17 Related party transactions

Related parties represent associated companies, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of those transactions are approved by the management.

2-18 Statement of cash flows

The company prepares a statement of cash flows based on the indirect method.

2-19 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balances.

REXCEL EGYPT COMPANY (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

3 FIXED ASSETS

	Machinery & Equipment	Total
	LE	LE
Cost		
As of 31 March 2014	209,518	209,518
As of 31 March 2015	209,518	209,518
Accumulated depreciation		
As of 31 March 2014	(209,518)	(209,518)
As of 31 March 2015	(209,518)	(209,518)
Net book value as of 31 March 2015	**-**	**-**
Net book value as of 31 March 2014	-	-

The Machinery and Equipment are fully depreciated and still being used in operations.

4 INVENTORY

	31/3/2015	31/3/2014
	LE	LE
Raw and packing materials	**1,082,256**	1,007,889
Work in progress	**-**	35,313
Finished Goods	**434,453**	643,226
Goods in transit	**-**	4,930
Expired Goods	**223,809**	152,052
	1,740,518	1,843,410
Write down of slow moving inventory	**(673,558)**	(143,147)
Write down of expired goods	**(223,809)**	(152,052)
	843,151	1,548,211

- The amount of write down/reversal of write down of inventory was included in the cost of sales (note 14).
- The balance of write down of inventory as of 31 March 2015 represented as follows:

	Write down of slow moving inventory	Write down of expired goods	Total
	LE	LE	LE
Balance as of 1 january 2013	117,877	242,763	360,640
Charged during the period	70,618	214,748	285,366
Reclassification	(537)	537	-
Used during the period	(44,811)	(291,446)	(336,257)
Reversal of write down	-	(14,550)	(14,550)
Balance as of 31 March 2014	143,147	152,052	295,199
Charged during the period	**588,848**	**234,275**	**823,123**
Used during the period	**(606)**	**(143,861)**	**(144,467)**
Reversal of write down	**(57,831)**	**(18,657)**	**(76,488)**
Balance as of 31 March 2015	**673,558**	**223,809**	**897,367**

REXCEL EGYPT COMPANY (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

5 TRADE AND NOTES RECEIVABLE

	31/3/2015	31/3/2014
	LE	LE
Trade receivable	549,573	563,222
Notes receivable	24,677	30,475
	574,250	593,697
Impairments of trade and notes receivable	-	-
	574,250	593,697

The movement in the Allowance for doubtful accounts is as follows:

	31/3/2015	31/3/2014
	LE	LE
At 1 January	-	-
Charged	2,185	-
Written off	(2,185)	-
At 31 December	-	-

6 PREPAYMENTS AND OTHER RECEIVABLES

	31/3/2015	31/3/2014
	LE	LE
Employees' advances and imprests	4,195	2,244
Prepaid expenses	2,411	3,607
Advances to suppliers	2,398	226
Tax authority – withholding taxes	445,322	397,187
Other debit balances	-	5,342
	454,326	408,606
Impairment of other debit balances	(830)	(830)
	453,496	407,776

7 CASH AT BANKS

	31/3/2015	31/3/2014
	LE	LE
a) Local Currency		
Current accounts	1,104,689	740,633
	1,104,689	740,633
b) Foreign currency		
Current accounts	77,641	18,839
	77,641	18,839
	1,182,330	759,472

REXCEL EGYPT COMPANY (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

8 PROVISIONS

	31/3/2015 LE	31/3/2014 LE
Beginning balance for the year / period	**103,548**	19,178
Charged during the year	**-**	94,130
Used	**-**	(9,760)
Beginning balance for the year / period	**103,548**	103,548

9 ACCRUED EXPENSES AND OTHER PAYABLES

	31/3/2015 LE	31/3/2014 LE
Advances from customers	**107**	107
Accrued expenses	**362,065**	244,690
Tax authority – withholding tax	**4,543**	2,468
Tax authority – salaries tax	**1,554**	3,317
Tax authority – sales tax	**5,185**	8,335
Social insurance	**3,399**	1,326
Medical professional stamp	**12,028**	15,425
	388,881	275,668

10 INCOME TAX

	31/3/2015 LE	31/3/2014 LE
Income tax payable	**9,078**	135,047
	9,078	135,047

Reconciliation of effective tax rate

		2014 LE		2013 LE
Net (losses) profits before income taxes		**(704,198)**		266,213
Interest expenses		**123,809**		154,329
Write down of inventory		**823,123**		379,497
Impairment of account receivables		**2,185**		-
Reversal of write down of inventory		**(76,488)**		(14,550)
Inventory provision used		**(139,949)**		(271,413)
Nondeductible expenses		**7,830**		26,111
Taxable income		**36,312**		540,187
Income taxes at 25%		**9,078**		135,047
Current income taxes at the effective tax rate	**1.2%**	**9,078**	50.72%	135,047

REXCEL EGYPT COMPANY (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

11 DUE FROM / TO RELATED PARTIES

11-1 Due from related parties

	31/3/2015 LE	31/3/2014 LE
Ranbaxy Egypt (L.L.C)	**4,815,242**	3,824,365
	4,815,242	3,824,365

11-2 Due to related parties

	31/3/2015 LE	31/3/2014 LE
Current		
Ranbaxy Laboratories Limited (India)	**5,693,894**	4,226,515
Ranbaxy Egypt (L.L.C.) - (Loan accrued interest)	**18,712**	18,712
	5,712,606	4,245,227
Non Current		
Ranbaxy Egypt (L.L.C) - (long term loan) *	**2,173,000**	2,173,000
	2,173,000	2173,000

*This amount represents a loan granted from Ranbaxy Egypt (L.L.C) with an amount of L.E. 1,650,000 as per the contract dated December 28, 2009, with an annual fixed interest rate of 10%, and another loan with an amount of L.E. 523,000 as per the contract dated June 2010, with an annual fixed interest rate of 10%.

12 CAPITAL

The company's authorized capital amounted to L.E 240,000 while the issued and paid up capital of the company amounts to L.E 240,000 divided over 2400 quotas of par value L.E 100 each.

	Number of quotas	LE	Percentage
Sarwat Girgis Abdel Shahid	1,200	120,000	50%
Ibrahim Wassim Shalaby	1,080	108,000	45%
Ola Abdel Kader Mohamed	60	6,000	2.5%
Ahmed Mohamed Faried Elmeligy	60	6,000	2.5%
	2,400	240,000	100%

13 SALES

	From 31/3/2014 to 31/3/2015 LE	From 1/1/2013 to 31/3/2014 LE
Sales	**3,832,533**	6,491,535
Less:		
Allowable discounts	**(1,180,050)**	(1,815,561)
	2,652,483	4,675,974

14 COST OF SALES

	From 31/3/2014 to 31/3/2015 LE	From 1/1/2013 to 31/3/2014 LE
Cost of goods sold	**464,123**	879,891
Other production expense	**109,858**	207,947
Product registration charges	**2,200**	23,750
Write down of expired and slow moving inventory (Note 4)	**823,123**	285,366
Reversal of write down of inventory (Note 4)	**(76,488)**	(14,550)
Other expenses	**39,829**	21,942
	1,362,645	1,404,346

15 TAXES

16-1 Corporate taxes

- The Company's records were inspected for the years from inception till year 2004 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years from 2005 till 2013.

16-2 Salary Tax

- The Company's records were inspected from inception till year 2004 and the taxes due were paid.
- The Company's records were inspected for the years from 2005 till year 2011. The Company objected on the assessment and the issue is currently in the internal committee.
- No tax inspection took place for the Company's records for the years 2012 and 2013.

16-3 Sales Tax

- The Company's records were inspected from inception till year 2011 and the taxes due were paid.
- No tax inspection took place for the company's records for the years 2012 and 2013.

16-4 Stamp Tax

- No tax inspection took place for the company's records since inception till year 2013.

16 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash at banks, trade and notes receivable, due from related parties and some of other receivables, and the financial liabilities include trade and notes payable, due to related parties, and some of other payables.

The significant accounting policies applied for the recognition and related income and expenses are included in note (2) of the notes to the financial statements.

b. **Interest rate risk**
The company monitors the maturity structure of the financial assets and liabilities with the related interest rates.

c. Foreign currency risk
The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currencies, the total financial assets denominated in foreign currencies amounted to LE 77,641 and the financial liabilities denominated in foreign currencies amounted to LE 5,693,894**.**

d. Fair value for financial instruments
According to the followed bases in the evaluation of the financial assets and liabilities of the company referred to in note (2), the fair value of the financial instruments are not materially different from their fair values at the financial statements date.

e. Credit risk
Credit risk is the risk of financial loss to the Company if its distributor is unable to meet its contractual obligations, and the company works on reducing such risk by dealing with limited number of well reputable distributers.

f. Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

i. Capital management
The managers’ policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.
The Company is not subject to externally imposed capital requirements.

17 RELATED PARTY TRANSACTIONS

Related party transactions represent transactions with the parent company and associate companies. The outstanding balances associated with those transactions are included in note (10).
The transactions that recognized in the income statement during the period are as follows:

	Nature of transaction	**From 31/3/2014 to 31/3/2015 LE**	From 1/1/2013 to 31/3/2014 LE
Ranbaxy Laboratories Limited (India)	Purchase of raw materials	**220,359**	57,322
	Commission for importing raw and packing materials (Revenues)	**(371,105)**	(342,068)
Ranbaxy company (Egypt)	Loan interest – Expenses	**220,318**	274,643
	Expenses charged from Ranbaxy (Cross Charge Expenses)	**1,031,692**	1,753,137
	Purchases through Rexcel (Other suppliers)	**3,571,707**	5,579,503

REXCEL EGYPT COMPANY (L.L.C.)

18 CURRENT EVENTS

The events that took place in Egypt since the first quarter of the year 2011 have substantially impacted the economic sectors in general which in turn led to substantial decrease in the economic activities. Accordingly, there might be a significant effect for these events on the assets, liabilities and its recoverable amount as well as the financial results of the future periods. While it is difficult to quantify this effect at this point of time, the impact will become visible in the future financial statements. The significance of such an impact will depend on the extent and length until which these events and its effect will end.

19 COMPARTIVE FIGURES

Certain comparative figures for year 2013 have been reclassified to conform to the current year's presentation.