

AUDITOR'S REPORT

on the financial statements
of AO Ranbaxy for 2016

AUDITOR'S REPORT

To the shareholders of AO RANBAXY

Audited entity

Joint Stock Company RANBAXY (AO RANBAXY)

Reg. No. 1047796353846.

Location: Prospekt Mira 119, bld. 537/2, Moscow, 129223, Russia.

Auditor

BDO Unicon Aktsionernoe Obshchestvo (BDO Unicon AO)

Registered by Tax Inspectorate No. 26 of the RF Ministry of Taxation in the Southern Administrative District of the City of Moscow, Certificate of Registration No. 1037739271701.

Registered office: 11/1, 125 Warshavskoye Shosse, Moscow, 117587, Russian Federation.

BDO Unicon AO is a member of the professional audit association Self-regulated organization of auditors "Russian Union of auditors" (Association) (Main State Registration No. 11603059593 in the State Register of Auditors and Audit Organizations).

Authority to sign the Auditor's Report rests with Maxim Aksenov, Director, by way of Power of Attorney No. 12-01/2016-БДО of 1 January 2016.

We have audited the enclosed financial statements of AO Ranbaxy for 2016, which comprise:

- the balance sheet as at 31 December 2016;
- statement of income for the year ended 31 December 2016;
- supplements to the balance sheet and the statement of income, including:
 - statement of changes in equity for the year ended 31 December 2016;
 - the statement of cash flows for the year ended 31 December 2016;
 - explanatory notes to the financial statements for the year ended 31 December 2016.

Audited Entity's Responsibility for the Financial statements

Management of AO Ranbaxy is responsible for the preparation and fair presentation of these financial statements in accordance with legislation of the Russian Federation 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Federal Standards on Auditing. Those standards require that we 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 involved performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit 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 considered 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 included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the audited entity, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As a result of an incorrect recognition of the bonuses and awards, granted by the Company to buyers for achieving of certain volumes of regular purchases and early payment of goods, as other expenses, the lines "Revenue" and "Other expenses" of the income statement for 2016 are overestimated by 303,881 kRUR, the appropriate lines of the income statement for 2015 are overestimated by 201,519 kRUR, without any impact on tax calculations.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of AO Ranbaxy as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with legislation of the Russian Federation.

BDO Unicon AO

M.N. Aksenov,
Director

30 March 2017

Total number of pages bound: 59.

Balance Sheet
as at 31 December 2016

Entity Closed Joint Stock Company RANBAXY
 Taxpayer identification number _____
 Type of economic activity Wholesaling of pharmaceutical and medical products
 Organizational legal form / form of ownership Closed Joint Stock Company / Private ownership
 Measurement unit: thousand Rubles
 Location: _____

Codes		
OKUD form 0710001		
Date (day, month, year)	31	12 2016
OKPO	72983356	
INN	7720508094	
OKVED	51.46.1	
OKOPF / OKFS	67	16
OKEI	384	

119 Prospekt Mira, bldg. 537/2, Moscow, 129223, Russia7/2

Notes	Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
	ASSETS				
	I. NON-CURRENT ASSETS				
1.1	Intangible assets	1110	7 233	1 318	2 929
	Research and development results	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1	Fixed assets	1150	19 125	32 687	36 503
	Income yielding investments into tangible assets ценности	1160	-	-	-
	Financial investments	1170	-	-	-
3.1.	Deferred tax assets	1180	16 202	8 087	6509
	Other non-current assets	1190	-	-	-
	Total for Section I	1100	42 560	42 092	45 941
	II. CURRENT ASSETS				
4.1	Inventories	1210		715 171	456 391
	including:				
	Materials	12101		31	96
	Goods	12102		711 151	452 446
	Selling expenses	12103		3 989	3 849
	Input VAT	1220	55	525	3 532
6.6;	Accounts receivable	1230	2 172 551	1 712 356	1 395 901
	including:				
3.1.	Settlements with suppliers and contractors	12301		26 274	14 032
	Settlements with buyers and customers	12302		1 572 431	1 302 004
	Settlements on taxes and levies	12303		45 148	41 946
	Settlements on social insurance and security	12304		4 862	2 984
	Settlements with accountable persons	12305		11 317	3 490
	Other settlements with personnel	12306		5 805	2 549
	Settlements with sundry debtors and creditors	12307		46 519	28 896
3.1.	Financial investments (excluding cash equivalents)	1240	412 333	425 000	235 000
	including:				
	Deposit accounts	12401		425 000	235 000
	Cash and cash equivalents	1250	144 221	141 548	43 782
	including:				
	Cash on hand	12501		3	12
	Operating accounts	12502		138 276	42 506
	Foreign currency accounts	12503		3 269	1 264
	Other current assets	1260	1 597	954	1 181
	Total for Section II	1200	3 582 478	2 995 554	2 135 787
	BALANCE	1600	3 625 038	3 037 646	2 181 728

Notes	Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
	LIABILITIES				
	III. CAPITAL AND RESERVES				
5.	Share capital (contributed capital, charter capital, contributions of partners)	1310	163 000	163 000	3 000
	Treasury shares	1320		-	-
	Revaluation of non-current assets	1340		-	-
	Additional capital (without revaluation)	1350		-	-
5.	Reserve capital	1360	750	750	750
5.	Retained earnings (uncovered loss)	1370	676 733	464 791	396 031
	Total for Section III	1300	840 483	628 541	399 781
	IV. LONG-TERM LIABILITIES				
	Borrowings	1410		-	-
	including:				
	Long-term loans	14101		-	-
3.1.	Deferred tax liabilities	1420	5 402	5 272	4 604
	Estimated liabilities	1430		-	-
	Other liabilities	1450		-	-
	Total for Section IV	1400	5 402	5 272	4 604
	V. CURRENT LIABILITIES				
3.1.	Borrowings	1510	431 788	508 213	387 289
	Accounts payable	1520	2 019 379	1 668 154	1 251 473
	including:				
3.1.	Settlements with suppliers and contractors	15201		1 627 497	1 049 596
	Settlements with buyers and customers	15202		375	452
	Settlements on taxes and levies	15203		9 163	10 514
	Settlements with sundry debtors and creditors	15204		31 119	32 511
	Settlements with founders related to contributions to charter capital	15205		-	158 400
	Deferred income	1530		-	-
6.9.	Estimated liabilities	1540	327 987	227 466	138 581
	Other liabilities	1550		-	-
	Total for Section V	1500	2 779 153	2 403 833	1 777 343
	BALANCE	1700	3 625 038	3 037 646	2 181 728

Head _____
(signature)

Artur Valiev
(full Name)

March 29, 2017

Profit and Loss Statement
for January - December 2016

		Form under OKUD	Codes		
		Date (day, month, year)	0710002		
			31	12	2016
Entity	Closed Joint Stock Company RANBAXY	OKPO	72983356		
Taxpayer identification number		INN	7720508094		
Type of economic activity	Wholesaling of pharmaceutical and medical products	OKVED	51.46.1		
Organizational legal form / form of ownership	Closed Joint Stock Company / Private ownership	OKOPF / OKFS	67	16	
Measurement unit:	thousand Rubles	OKEI	384		

Notes	Items	Code	January - December 2016	January - December 2015
3.1.	Revenue	2110	4 996 365	3 630 734
6.7	Cost of sales	2120	(3 065 092)	(2 236 748)
	Gross profit (loss)	2100	1 931 273	1 393 986
3.1.	Business expenses	2210	(1 385 383)	(999 592)
	Management expenses	2220		-
3.1.	Profit (loss) on sales	2200	545 890	394 394
	Income from participation in other entities	2310		-
3.1.	Interest receivable	2320	33 763	24 554
3.1	Interest payable	2330	(15 439)	(12 747)
	Other income	2340	416 054	306 543
	Other expenses	2350	(681 947)	(600 293)
	Profit (loss) before taxes	2300	298 321	112 451
	Current income tax	2410	(94 363)	(44 599)
	including permanent tax liabilities (assets) (активы)	2421	(26 713)	21 199
	Change in deferred tax liabilities	2430	(129)	(668)
	Change in deferred tax assets	2450	8 115	1 578
	Other	2460	(1)	(2)
	including: Fines and penalties for violation of tax and other legislation	24601		(2)
	Net profit (loss)	2400	211 943	68 760

Notes	Item	Code	January - December 2016	January - December 2015
	Revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
	Result of other operations not included in net profit (loss) for the period	2520	-	-
	Total financial result for the period	2500	211 943	68 760
	FOR REFERENCE ONLY			
	Basic earnings (loss) per share	2900	1,3	0,42
	Diluted earnings (loss) per share	2910	1,3	0,42

Head _____
(signature)

Artur Valiev _____
(full Name)

March 29, 2017

Statement of Cash Flows
for January - December 2016

Codes		
0710003		
31	12	2016
72983356		
7720508094		
51.46.1		
67	16	
384		

Entity Closed Joint Stock Company RANBAXY Form under OKUD
 Taxpayer identification number _____ Date (day, month, year) _____
 Type of economic activity Wholesaling of pharmaceutical and medical products OKPO
 Organizational legal form / form of ownership Private ownership INN
Closed Joint Stock Company / Private ownership OKVED
 Measurement unit: thousand Rubles OKOPF / OKFS
 OKEI

1. Changes in Equity

Item	Code	Share capital	Treasury shares	Additional Capital	Reserve capital	Retained earnings (uncovered loss)	Total
Equity as at 31 December 2014	3100	3 000	-		750	396 031	399 781
For 2015	3210	-	-			68 760	68 760
Total increase in equity:							
including:							
net profit	3211	X	X	X	X	68 760	68 760
revaluation of assets	3212	X	X		X	-	-
gains taken directly to equity	3213	X	X		X	-	-
additional issue of shares	3214	160 000	-		X	X	160 000
increase in par value of shares	3215	-	-		X	-	-
reorganization of the legal entity	3216	-	-		-	-	-

Item	Code	Share capital	Treasury shares	Additional Capital	Reserve capital	Retained earnings (uncovered loss)	Total
Total decrease in equity:	3220	-	-	-	-	-	-
including:							
loss	3221	X	X	X	X		
revaluation of assets	3222	X	X		X		
expenses directly charged to equity	3223	X	X		X		
reduction in par value of shares	3224	-	-	-	X		
reduction in number of shares	3225	-	-	-	X		
reorganization of the legal entity	3226	-	-	-	-		
dividends	3227	X	X	X	X		
Change in additional capital	3230	X	X				X
Change in reserve capital	3240	X	X	X			X
Equity as at 31 December 2015	3200	163 000	-	-	750	464 791	628 541
For 2016							
Total increase in equity:	3310	-	-	-	-	211 943	211 943
including:							
net profit	3311	X	X	X	X	211 943	211 943
revaluation of assets	3312	X	X		X		
gains taken directly to capital	3313	X	X		X		
additional issue of shares	3314	-	-	-	X	X	
increase in par value of shares	3315	-	-	-	X		X
reorganization of the legal entity	3316	-	-	-	-		
Total decrease in equity:	3320	-	-	-	-	-	-
including:							
loss	3321	X	X	X	X		
revaluation of assets	3322	X	X		X		
expenses directly charged to equity	3323	X	X		X		
reduction in part value of shares	3324	-	-	-	X		
reduction in number of shares	3325	-	-	-	X		
reorganization of the legal entity	3326	-	-	-	-		
dividends	3327	X	X	X	X		
Change in additional capital	3330	X	X				X
Change in reserve capital	3340	X	X	X			X
Equity as at 31 December 2016	3300	163 000	-	-	750	676 733	840 483

2. Adjustments related to changes in accounting policies and correction of errors

Item	Code	As at 31 December 2014	Changes in equity in 2015		As at 31 December 2015
			due to net profit (loss)	due to other factors	
Total capital					
before adjustments	3400	399 781	68 760	160 000	628 541
adjustments arising from changes in accounting policies	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after adjustments	3500	399 781	68 760	160 000	628 541
including:					
retained earnings (uncovered loss):					
before adjustments	3401	396 031	68 760	-	464 791
adjustments arising from:					
changes in accounting policies	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after adjustments	3501	396 031	68 760	-	464 791
before adjustments	3402	-	-	-	-
adjustments arising from:					
changes in accounting policies	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after adjustments	3502	-	-	-	-

3. Net assets

Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Net assets	3600	840 483	628 541	399 781

Head _____
(signature)

_____ **Artur Valiev**
(full Name)

_____ **March 29, 2017**

Calculation of the Net Asset Value

Closed Joint Stock Company Ranbaxy
(name of the organization)

Item	Balance sheet line code	As at December 31, 2016	As at December 31, 2015	As at December 31, 2014
Assets				
Intangible assets	1110	7 233	1 318	2 929
Results of research and development	1120	-	-	-
Intangible development assets	1130	-	-	-
Tangible development assets	1140	-	-	-
Fixed assets	1150	19 125	32 687	36 503
Income-bearing investments into tangible assets	1160	-	-	-
Financial investments (long-term)	1170	-	-	-
Deferred tax assets	1180	16 202	8 087	6 509
Other non-current assets	1190	-	-	-
Inventories	1210	851 721	715 172	456 391
Input value added tax	1220	55	525	3 532
Receivables*	1230	2 172 551	1 712 356	1 395 901
Financial investments (short-term)	1240	412 333	425 000	235 000
Cash and cash equivalents	1250	144 221	141 547	43 782
Other current assets	1260	1 597	954	1 181
TOTAL ASSETS	-	3 625 038	3 037 646	2 181 728
Liabilities				
Borrowings (long-term)	1410	-	-	-
Deferred tax liabilities	1420	5 402	5 272	4 604
Estimated liabilities (long-term)	1430	-	-	-
Other liabilities (long-term)	1450	-	-	-
Borrowings (short-term)	1510	431 788	508 213	387 289
Accounts payable	1520	2 019 379	1 668 154	1 251 473
Estimated liabilities (short-term)	1540	327 987	227 466	138 581
Other liabilities (short-term)	1550	-	-	-
Total liabilities	-	2 784 555	2 409 106	1 781 947
Net asset value	-	840 483	628 540	399 781

* Excluding the outstanding contributions to the authorized capital from members (founders).

Statement of Cash Flows
for January - December 2016

Form under OKUD
Date (day, month, year)

Codes		
0710004		
31	12	2016
72983356		
7720508094		
51.46.1		
67	16	
384		

Entity Closed Joint Stock Company RANBAXY
Taxpayer identification number _____
Type of economic activity Wholesaling of pharmaceutical and medical products
Organizational legal form / form of ownership Closed Joint Stock Company / Private ownership
Measurement unit: thousand Rubles

OKPO
INN
OKVED
OKOPF / OKFS
OKEI

Item	Code	January - December 2016	January - December 2015
Cash flows from operating activities			
Total receipts	4110	4 474 352	3 305 903
including:			
sales of products, goods, works and services	4111	4 423 867	3 237 769
lease payments, license fees, royalties, commissions, fees and	4112		-
resale of investments	4113		-
other receipts	4119	50 485	68 134
Total payments	4120	(4 636 191)	(3 032 676)
including:			
to suppliers (contractors) for materials, supplies, works and services	4121	(3 323 478)	(2 096 572)
employee compensation	4122	(613 317)	(487 438)
interest on debt obligations	4123	(5 790)	(6 606)
corporate income tax	4124	(152 628)	(101 114)
other payments	4129	(540 978)	(340 946)
Net cash flow from operating activities	4100	(161 839)	273 227
Cash flows from investing activities			
Total receipts	4210	176 801	(163 040)
including:			
sales of non-current assets (excluding financial investments)	4211	3 409	2 950
sale of other shares (interests) in other entities	4212		-
loans repayments, sale of debt securities (monetary claims against other persons)	4213	150 000	(190 000)
dividends, interest on financial debt investments and similar receipts from equity participation in other organizations	4214	23 392	24 010
other receipts	4219		-
Total payments	4220	(11 836)	(15 742)
including:			
acquisition, creation, modernization, reconstruction and preparation of non-current assets for use	4221	(10 802)	(13 792)
acquisition of shares (interests) in other entities	4222		-
acquisition of debt securities (monetary claims against other persons), disbursement of loans	4223		-
acquisition of debt securities (monetary claims against other persons), disbursement of loans acquisition of debt	4224		-
other payments	4229	(1 034)	(1 950)
Net cash flow from investing activities	4200	164 965	(178 782)

Item	Code	January - December 2016	January - December 2015
Cash flows from financing activities			
Total receipts	4310		1 600
including:			
credit and loan proceeds	4311		-
cash deposits of owners (members)	4312		-
issue of shares, increase in participatory interests	4313		1 600
issue of bonds, bills and other debt securities, etc.	4314		-
	4315		-
other receipts	4319		-
Total payments	4320		-
including			
to owners (members) in connection with repurchase of shares (interests) from them or termination or their participation	4321		-
payment of dividends and other profit distributions to owners (members)	4322		-
in connection with redemption (repurchase) of bills and other debt securities, credit and loan repayments	4323		-
	4324		-
other payments	4329		-
Financial operations cash flow balance	4300		1 600
Net cash flow for the reporting period	4400	3 126	96 045
Balance of cash and cash equivalents as at beginning of the reporting period	4450	141 548	43 782
Balance of cash and cash equivalents as at end of the reporting period	4500	144 221	141 548
Effect of changes in foreign exchange rates against the ruble	4490	(453)	1 721

Head _____
(signature)

Artur Valiev _____
(full Name)

March 29, 2017

Notes

to the accounting (financial) statements of AO Ranbaxy for 2016.

1. Information about the Company

1.1. Full name of the Company: Joint Stock Company "Ranbaxy"

1.2. Registered address: 119 Prospekt Mira, bldg. 537/2, Moscow, 129223, Russian Federation

1.3. Actual address: 119 Prospekt Mira, bldg. 537/2, Moscow, 129223, Russian Federation

1.4. Date of state registration: May 20, 2004; Primary State Registration Number: 1047796353846.

1.5. Authorized capital of the Company makes up 163,000,000 rubles. Shareholder structure: Ranbaxy (Netherlands) B.V., registered with the Chamber of Commerce and Industry of Amsterdam under No. 33254757: 99 percent of the authorized capital; Ranbaxy Holdings (UK) Ltd., registered at Company House of England and Wales under No. 3062051: 1 percent of the authorized capital. Shares in the authorized capital are fully paid. Quantity of placed securities: 163,000. The par value of each security is 1,000 rubles.

The ultimate beneficiary of the company is Sun Pharmaceutical Industries Limited, which is based in Mumbai, India. Sun Pharmaceutical Industries Limited is traded on Bombay Stock Exchange (BSE Limited) and National Stock Exchange of India Limited. Sun Pharmaceutical Industries is one of the world's largest manufacturers and retailers of pharmaceutical products.

1.6. The Company has no subsidiaries or affiliates.

1.7. Information about standalone subdivisions.

- On December 19, 2008, a standalone subdivision "Warehouse for wholesaling medicinal products" was established and registered at its location (address: 2, let. B, B2 Dachnaya Street, Village of Davydovskoye, Luchinskoye Rural Settlement, Istra District, Moscow Region, 143521, Russian Federation) with Inspectorate of the Federal Tax Service of Russia for the town of Istra, Moscow Region.

On April 14, 2014, the location of the subdivision was changed (new address: 244 Village of Leshkovo, Istra District, Moscow Region, Russian Federation).

- On May 7, 2009, a standalone subdivision was established and registered at its location (address: 12 B Tambovskaya Street, St. Petersburg, 192007, Russian Federation) with Interdistrict Inspectorate of the Federal Tax Service of Russia No. 27 in St. Petersburg.
- On September 15, 2009, a standalone subdivision was established and registered at its location (address: 44/17 Dekabristov Street, Yekaterinburg, Sverdlovsk Region, 620142, Russian Federation) with Inspectorate of the Federal Tax Service of Russia for Leninsky District of Yekaterinburg.

- On September 15, 2009, a standalone subdivision was established and registered at its location (address: 104/32 Pushkinskaya Street, office No. 9, Rostov-on-Don, Rostov Region, 344006, Russian Federation) with Interdistrict Inspectorate of the Federal Tax Service of Russia No. 25 in Rostov Region.
- On April 29, 2014, a standalone subdivision was established and registered at its location (address: 1 Uritskogo Street, Suite No. 2, Samara, Samara Region, 443030, Russian Federation) with Inspectorate of the Federal Tax Service of Russia in Zheleznodorozhny District of Samara.
- On April 29, 2014, a standalone subdivision was established and registered at its location (address: 45 Dekabristov Street, Omsk, Omsk Region, 644024, Russian Federation) with Inspectorate of the Federal Tax Service of Russia No. 2 in Central Administrative District of Omsk.
- On April 29, 2014, a standalone subdivision was established and registered at its location (address: 111 Uritskogo Street, Suite No. 3, Krasnoyarsk, Krasnoyarsk Territory, 660049, Russian Federation) with Inspectorate of the Federal Tax Service in Central District of Krasnoyarsk.

1.8. *The main business activity* of the Company is wholesaling of pharmaceutical products. License (current): FS-99-02-003803 issued on April 14, 2014. Location covered by license FS-99-02-003803: 244 Village of Leshkovo, Istra Iistrict, Moscow Region, Russian Federation.

1.9. The Company is subject to mandatory audit in accordance with the criteria set forth in Federal Law No. 307-FZ "On Auditing Activity" dated December 31, 2008, which was entrusted to BDO Unicon AO.

1.10. *Members of the Company's executive and control bodies:*

1. General Director: Arthur Valiev;
2. Financial Director: Vivek Kapur;
3. Chief Accountant: Ludmila Alekseevna Manuilova

2. Significant Accounting Policies.

2.1. *Accounting policy for bookkeeping purposes.*

The Company's accounting records are maintained in accordance with the accounting legislation of the Russian Federation. The Company's accounting statements have been prepared on the basis of the current accounting and reporting rules of the Russian Federation.

2.1.1. Accounting is done by the Company's Accounting Department, which is a separate structural subdivision headed by the Chief Accountant.

2.1.2. In accounting, income is determined in accordance with the Accounting Regulations "Income of Organizations" PBU 9/99 approved by Order of the Russian Ministry of Finance No. 32n. dated May 6, 1999. Sales are recorded in the accounts as follows:

- ordinary income is recorded in account 90.1.1 "Sales" when the products are shipped (transferred to the buyer) and payment documents for the shipped goods are passed to the buyer, taking

into account the time of transfer of ownership. Ordinary income is income from activities that generate revenues accounting for more than 5 percent of total sales;

- remuneration under commission, engagement and agency agreements is recorded when the report of the commission agent (nominee, agent) on sales of goods, works and services is approved by the principal.

Sales proceeds derived from activities that are subject to value added tax at different rates or are exempt from value added tax are recorded in subaccounts of account 90.1.1 "Sales".

2.1.3. In accounting, expenses are determined in accordance with the Accounting Regulations "Expenses of Organizations" PBU 10/99. Expenses are recorded in the accounting records regardless of whether there is an intention to generate revenue or other income and the form of expenses (cash, in kind, or other). Expenses are recognized in the reporting period in which they were incurred, irrespective of when cash is paid.

2.1.4. Useful lives of fixed assets are determined based on the Classification of fixed assets included in depreciation groups approved by Resolution of the Russian Government No. 1 dated January 1, 2002. For new fixed assets the following depreciation periods are established:

Furniture	61 months
Office equipment	37 months
Computer equipment	35 months
Motor vehicles	60 months

2.1.5. Fixed assets are depreciated using the straight-line method.

2.1.6. Low-value fixed assets with a cost not exceeding 40,000 rubles, as well as books, brochures and other publications are expensed as they are released for use.

2.1.7. Annual revaluation of fixed assets is not performed.

2.1.8. Deferred expenses posted to account 97 are classified in the accounting statements as follows:
as advances made:

- insurance expenses;
- passes;
- advertising.

as other current assets:

- licensing expenses;
- expenses on purchase of computer software and databases;
- certification expenses;
- fixed assets repair expenses;
- expenses on customs services;
- permits to employ foreign nationals.

2.1.9. Goods and materials are written off on FIFO basis.

2.1.10. Provisions for doubtful debts are made with due regard for expediency and in accordance with the accounting regulations.

2.1.11. A provision for impairment of inventories is made at the end of the year taking into account the remaining shelf life. The amount of the provision is calculated on a monthly basis. Stock balance is determined at the end of the quarter and written down to market value. For goods with a remaining shelf life of no more than 6 months, the provision is made at 100 percent; for goods with a remaining shelf life of no less than 7 months but no more than 12 months, at 50 percent; and for goods with a remaining shelf life of no more than 50 percent and no less than 13 months as on the date the provision is recorded, at 25 percent. In addition, goods are measured on other factors in accordance with PBU 5/01.

2.1.12. The Company makes provisions for estimated liabilities in accordance with PBU 8/2010.

2.1.13. The Company applies PBU 18/02. Accrual ledgers are created using 1C: Manufacturing Enterprise Management.

2.1.14. In accordance with the prescribed marketing policy, buyers benefit from awards (bonuses) and discounts.

2.1.15. Short-term deposits with banks for up to 3 months are reported in the accounting statements as financial investments.

2.2. Accounting policy for tax purposes.

2.2.1. The Company determines its VAT tax base as products are shipped.

2.2.2. The Company uses the accrual method of income and expense recognition when calculating corporate income tax.

2.2.3. Purchased goods whose costs are deducted from sales proceeds are valued using the FIFO method. Materials are written off on FIFO basis.

2.2.4. Useful lives of fixed assets are determined based of the Classification of fixed assets included in depreciation groups approved by Resolution of the Russian Government No. 1 dated January 1, 2002. The period of use of acquired second-hand fixed assets is determined taking into account the period of actual use by the previous owners.

2.2.5. Depreciable assets are depreciated using the straight-line method.

2.2.6. Depreciable assets include assets with an original cost of more than RUB 100 000 and a useful life of more than 12 months. Assets with a cost of less than RUB 100 000 are recorded within material expenses and are expensed in the manner prescribed for indirect costs (as a lump sum). Low-value assets written off are kept off-balance sheet until they are actually disposed of.

2.2.7. The Company creates a provision for vacation pay, a provision for payment of bonuses to employees based on annual performance, and a provision for doubtful debts for tax purposes.

2.2.8. The Company creates tax accounting ledgers using specialized accounting software 1C: Manufacturing Enterprise Management.

3. Financial and Economic Activities of the Company.

3.1. Description of the Company's activities during the reporting year.

3.1.1. In 2016, revenues from sales of goods within operating activities totaled RUB 4,996,365 thousand (excluding VAT), which makes up 99.93 percent of total sales; other income from sales of fixed assets amounted to RUB 3,435 thousand (excluding VAT), which accounts for 0.07 percent of total sales. Gross operating profit was RUB 1,931,273 thousand.

In 2015, revenues from sales of goods within operating activities totaled RUB 3,630,734 thousand (excluding VAT); gross operating profit amounted to RUB 1,393,986 thousand.

The Company does not carry out any other types of activities.

3.1.2. In 2016, the Company generated RUB 545,890 thousand in profit from sales versus RUB 394,394 thousand in 2015 (up 39 percent).

The growth in profit is attributable to the following factors:

- an increase in revenues by RUB 1,365,631 thousand (or 37.6 percent);
- a decrease in the share of production cost in relation to revenue by 0.27 percent (61.34 percent in 2016 and 61.61 percent in 2015).

3.1.3. The structure of business expenses is as follows:

Structure of business expenses

	2016	2015	Change
Payroll and provisions	647 899	519 138	128 761
Allocations to funds	118 705	96 490	22 215
Advertising	211 558	107 165	104 393
Marketing	35 617	23 765	11 852
Processing of goods	40 468	35 567	4 901
Certification	11 803	9 664	2 139
Maintenance and repair of motor vehicles	50 582	33 246	17 336
Car lease	38 482	32 680	5 802
Insurance	39 142	30 720	8 422
Lease	22 540	15 402	7 138
Depreciation	18 325	22 392	(4 066)
Travel expenses	42 483	25 842	16 641
Hospitality expenses	1 516	2 675	(1 159)
Audit	3 949	3 632	317
Software products	6 119	5 418	701
Other material costs	7 342	11 967	(4 625)
Other expenses	88 852	23 829	65 023
Total	1 385 383	999 592	385 791

Payroll and provisions account for the largest share of the Company's business expenses (46.77 percent), with advertising expenses being another major contributor (15.27 percent); compared to the previous year, payroll increased while advertising expenses slightly decreased. Advertising was conducted via TV, radio, and public transport.

The Company increased its staffing in 2016. The average number of employees in 2016 was 464 versus 429 in 2015, representing a 8.16 percent increase (by 35 persons).

3.1.4. The Company's accounts receivable from customers and buyers as at December 31, 2016 amounted to RUB 1 899 300 thousand.

Provision for doubtful receivables from customers and buyers, RUB'000

	At the beginning of the period	Creation of provision	Use of provision	Reversal of provision	At the end of the period
2016	46 063	22 592	(29 935)	(30 225)	8 495
2015	37 891	46 063	0	(37 891)	46 063

At the end of 2016, Company created a provision for doubtful debts for the following organizations:

- for accounts receivable from buyers:

- BCC LLC in the amount of RUB 15 878,02 (Fifteen thousand, eight hundred seventy-eight & 02/100 rubles).
- VTF LLC in the amount of RUB 487 366,67 (Seven hundred eighty-seven thousand, three hundred sixty six & 67/100 rubles).
- ZAO Genesis in the amount of RUB 7,764,525.34 (seven million, seven hundred sixty-four thousand, five hundred twenty-five and 34/100 rubles).
- Regional State Unitary Enterprise "Primorsk Regional Pharmacy" in the amount of RUB 191,840.47 (one hundred ninety-one thousand, eight hundred forty and 47/100 rubles).
- Pharm-Trede LLC in the amount of RUB 34 956,53 (Thirty four thousand, nine hundred and fifty six & 53/100 rubles)

The Company was the plaintiff (applicant) in the following legal proceedings:

- Shreya Corporational CJSC in the amount of RUB 29 934 968,35 (Twenty nine million, nine hundred and thirty four thousand, nine hundred and sixty eight & 35/100 rubles)

In 2012, in the proceedings in the Arbitration Court of Moscow against Shreya Corporational (Closed Joint Stock Company) regarding entering the Company in the register of creditors. Claims of AO Ranbaxy were included in the register of creditors in accordance with the Ruling of the Arbitration Court of Moscow dated February 13, 2012 in case No. A40-57173/1073-296 "B".

In 2012, in the proceedings in the Arbitration Court of St. Petersburg and Leningrad Region against ZAO Genesis. The proceedings are completed, a settlement agreement has been approved, according to which AO "Ranbaxy" will receive RUB 7,764,525.34 from ZAO Genesis during the period from 2022 to 2026 (Ruling of the Arbitration Court of St. Petersburg and Leningrad Region dated February 21, 2012 in case No. A56-55543/2008). The ruling has entered into force.

On October 2, 2013, the Arbitration Court of Primorsk Territory issued a ruling in case No. A51-9651/2013 to include the claims of AO Ranbaxy in the amount of RUB 219,341.27 in the register of creditors of Regional State Unitary Enterprise "Primorsk Regional Pharmacy" as a third-priority creditor. The bankruptcy proceedings will last until June 13, 2016.

Provision for doubtful receivables from suppliers (advances made), RUB'000

	At the beginning of the period	Creation of provision	Use of provision	Reversal of provision	At the end of the period
2016	1 048		-	-	1 048
2015	1 048	-	-	-	1 048

- for accounts receivable from suppliers:

- ZAO TK Novatorrus-Invest in the amount of RUB 1,048,078.94 (one million, forty-eight thousand, seventy-eight and 94/100 rubles).

On November 28, 2014, the Arbitration Court of Moscow issued a decision to recover the debt from ZAO TK Novatorrus-Invest in favor of AO Ranbaxy. Currently, the recovery is not possible due to insolvency of ZAO TK Novatorrus-Invest and the transfer of control to the liquidation commission. However, on January 23, 2015 TK ZAO Novatorrus-Invest was declared insolvent (bankrupt) by the Arbitration Court of Moscow. The claims of AO Ranbaxy in the amount of RUB 1,048,078.94 have been included in the register of creditors (ruling dated May 18, 2015 in case No. A40-175755/2014). The bankruptcy proceedings will last until July 31, 2017.

The total provision for losses at the end of 2016 for accounting and tax purposes amounts to RUB 8 495 thousand. The provision made at the end of 2016 for accounting purposes amounts to RUB 1,048 thousand.

The Company's accounts payable to suppliers and contractors as at December 31, 2016 totaled RUB 1 968 636 thousand. Accounts payable to suppliers increased significantly, by 20,96 percent (to RUB 341 131 thousand) compared to the previous year (in 2015, they amounted to RUB 1 627 505 thousand). The most increase was in payables to main suppliers of pharmaceutical products due to an increase in purchases of goods at the end of the year. The merchandise stock as at December 31, 2016 was RUB 845 194 thousand against RUB 711 151 thousand as at December 31, 2015 (up 18,84 percent).

The key suppliers of AO Ranbaxy in 2015 were SUN PHARMACEUTICAL INDUSTRIES LTD (formerly Ranbaxy Laboratories Limited (India) (takeover), Ranbaxy Therapy (Romania) and Sun Pharmaceutical Industries Ltd, with accounts payable to SUN PHARMACEUTICAL INDUSTRIES LTD (India) amounting to RUB 1 502 590 thousand (76,33 percent of total payables), to Ranbaxy Therapy – to RUB 460 673 thousand (23,40 percent of total payables), and to Sun Pharmaceutical Industries Ltd – no payable.).

3.1.5 In 2016, the Company paid interest of RUB 5 790 thousand on a short-term loan received in 2009 from Ranbaxy (Netherlands) and a long-term loan received in 2013 from Ranbaxy (Netherlands).

3.1.6. In 2016, the Company placed funds in short-term bank deposits. Total income from deposits amounted to RUB 20 265 thousand.

Interest accrued on bank balances amounted to RUB 13 497 thousand.

At the end of 2016, the funds placed on short-term deposits with OAO Sberbank amounted to RUB 275 000 thousand with the maturity dates in January 2017.

3.1.7. Other income and expenses of the Company recorded in lines 2340 and 2350 of the Profit and Loss Statement for 2016 were as follows:

Description	Other income (RUB'000)	Other expenses (RUB'000)
Exchange differences	152 182	(64 410)
Provision for impairment of inventory	227 616	(286 023)
Provision for doubtful debts	30 225	(22 592)
Provision for returned goods	208	(482)
Destruction of pharmaceutical products		(173)
Awards to suppliers		
Bonuses to buyers		(303 881)
Insurance indemnity / expenses for insured events	1 872	
Write-off of accounts receivable / payable		
Sales and write-offs of fixed assets	3 435	(756)
Taxes		(294)
Bank services		(1 053)
VAT expensed		
Other	516	(2 282)
Total	416 054	(681 947)

Other income and expenses of the Company recorded in lines 2340 and 2350 of the Profit and Loss Statement for 2015 were as follows:

Description	Other income (RUB'000)	Other expenses (RUB'000)
Exchange differences	138 128	(253 860)
Provision for impairment of inventory	83 087	(91 418)
Provision for doubtful debts	37 891	(46 063)
Provision for returned goods	357	(149)
Destruction of pharmaceutical products		(3 897)
Awards to suppliers	42 220	
Bonuses to buyers		(201 519)
Insurance indemnity / expenses for insured events	774	(19)
Write-off of accounts receivable / payable		(120)
Sales and write-offs of fixed assets	3 059	(479)
Taxes		(505)
Write-off VAT on expenses		(987)
Bank services		(402)
Other	1 027	(875)
Total	306 543	(600 293)

3.1.8. According to the accounting data, in 2016 the Company earned a profit before tax of RUB 298 321 thousand; according to the tax accounting data, the Company received a profit of RUB 471 814 thousand. Provisional income tax expense amounted to RUB 59 664 thousand.

The permanent differences totaled RUB 133 564 thousand in 2016, resulting in a permanent tax liability of RUB 26 713 thousand. The bulk of this amount consisted of non-deductible expenses: the provision for impairment of goods amounted to RUB 58 407 thousand, medical insurance of employees' family members amounted to RUB 17 364 thousand, maintenance of vehicles amounted to RUB 5 383 thousand, employees training amounted to RUB 9 425 thousand, staff nutrition amounted to RUB 1,935 thousand, estimated liabilities (including vacation reserves, staff bonuses & bounties and other forthcoming payments) amounted to RUB 32 805 thousand, other expenses, excluding in tax accounting amounted to RUB 8,245 thousand.

Deferred tax assets in 2016 amounted to RUB 8 115 thousand. This amount basically composed by time deductible difference on bounties and retro bonuses granted to customers, increasing the accounting of estimated liabilities. Relevant expenses will be fixed in the period of registration of purchase orders on bonuses in tax accounting

Deferred tax liabilities increased to RUB 129 thousand in 2016. A significant portion of deferred liabilities is comprised of the difference due to the fact that in accounting the customs duties and taxes are included in the cost of goods, while in tax accounting they are expensed as a lump sum amount.

In 2015, the Company got a profit before tax of RUB 112 451 thousand according to accounting records. According to tax accounting records, the Company received a profit of RUB 223 001 thousand. Provisional income tax expense amounted to RUB 22 490 thousand.

The permanent differences in 2015 totaled RUB 105 995 thousand, giving rise to a permanent tax liability of RUB 21 199 thousand. This amount was mainly comprised of non-deductible expenses: the provision for impairment of goods and medical insurance of employees' family members amounted to RUB 10 254 thousand, maintenance vehicles amounted to RUB 3 833 thousand, estimated liabilities (including vacation reserves, staff bonuses & bounties and other forthcoming payments) amounted to RUB 88 885 thousand, other expenses, excluding in tax accounting amounted to RUB 3,023 thousand.

Increasing of Deferred tax assets in 2015 amounted to RUB 1 578 thousand. This amount mainly consisted of temporary difference on amortization of intangible assets

In 2015, deferred tax liabilities amounted to RUB 668 thousand. A significant portion of deferred liabilities is comprised of the difference due to the fact that in accounting the customs duties and taxes are included in the cost of goods, while in tax accounting they are expensed as a lump sum amount.

3.1.9. The Company has not issued any guarantees to third parties.

4. Social Indicators

Item No.	Indicator	2016	2015
1	Average number of employees	464	429

2	Accrued wages, compensation payments and provisions for vacation pay and payment of year end bonuses, RUB thousand	647 899	519 138
3	Amount of accrued contributions, RUB thousand	118 705	96 490

5. Information about the Company's Equity (RUB'000)

Item No.	Indicator	2016	2015
1	Authorized capital	163 000	163 000
2	Reserve capital	750	750
3	Retained earnings	676 733	464 791

The Company has not paid any dividends and has not repurchased shares.

6. Reference Data

6.1. Calculation of the Company's net assets (RUB'000)

Item		Balance sheet line code	At the beginning of the reporting period	At the end of the reporting period
I. Assets				
1.	Intangible assets	1,110	1 318	7 233
2.	Fixed assets	1,150	32 687	19 125
3.	Other non-current assets	1,190	-	-
4.	Income-bearing investments into tangible assets	1,160	-	-
5.	Long-term and short-term financial investments	1170+1240	425 000	412 333
6.	Other non-current assets	1120+1130+1140+1180	8 087	16 202
7.	Inventories	1,210	715 172	851 721
8.	Input VAT	1,220	525	55
9.	Accounts receivable	1,230	1 712 356	2 172 551
10.	Cash	1,250	141 547	144 221
11.	Other current assets	1,260	954	1 597
12.	Total assets taken into account in the calculation (sum of items 1-11)		3 037 646	3 625 038
II. Liabilities				
13.	Long-term liabilities under loans and credits	1,410	0	0
14.	Other long-term liabilities	1420+1450	5 272	5 402
15.	Short-term liabilities under loans and credits	1,510	508 213	431 788
16.	Accounts payable	1,520	1 668 154	2 019 379
17.	Estimated liabilities	1,540	227 466	327 987
18.	Other current liabilities	1,550	-	-
19.	Total liabilities taken into account in the calculation (sum of items 13-19)		2 409 106	2 784 555

20.	Net asset value of the company (total assets taken into account in the calculation (item 12) less total liabilities taken into account in the calculation (item 19))		628 540	840 483
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As at December 31, 2016, AO Ranbaxy did not have its own premises.

6.2. Information on the leased premises.

As at December 31, 2016, AO Ranbaxy did not have its own premises.

In 2016, lease contracts with the following organizations were in effect:

- **OOO SP Tekhnopark** (Moscow office).
Contract dated September 7, 2015 (unnumbered) for 569.70 square meters. Supplementary Agreement dated November 26, 2015 for 1,231.90 square meters (monthly rent for 1,231.90 square meters: RUB 1,438,015.31, including VAT). The contract expires on August 31, 2016. Contract dated August 4, 2016 (unnumbered) for 1231,90 square meters (monthly rent for 1,231.90 square meters: RUB 1,438,015.31, including VAT). The contract expires on July 31, 2017.
- **OOO Inzhstroyservis** for 35.3 square meters (Yekaterinburg office).
Contract dated March 1, 2015. Monthly rent: RUB 30,800.00 (excluding VAT). The contract expires on January 31, 2016. Contract dated February 1, 2016. Monthly rent: RUB 30,800.00 (excluding VAT). The contract was anticipatorily terminated on September 30, 2016.
- **OOO Inform-Future** for 80.7 square meters (St. Petersburg office).
Contract dated February 10, 2009 (unnumbered), Supplementary Agreement No. 4 dated January 1, 2016 (monthly rent in 2015: RUB 110902,78, including VAT). A contract with automatic renewal.
- **OOO Inform-Future** for 3.7 square meters (a utility room in St. Petersburg).
Contract dated April 1, 2009 (unnumbered), Supplementary Agreement dated January 1, 2016 (monthly rent in 2016: RUB 3509,56, including VAT). A contract with automatic renewal.
- **OOO UK Pyat morej** for 32 square meters (Rostov-on-Don office).
Contract No. 88 dated June 1, 2015: RUB 22,000.00, variable rental payment: from October 15, 2016 to April, 15, 2016 - RUB 6 000.00 (excluding VAT), from April 16, 2016 to October 14, 2016 – RUB 3 000.00. The contract validity is 11 month, expires on April 30, 2016.
Prolongation due to supplementary agreement № 1 dated April 30, 2016, contract had been prolonged to March 31, 2017.
- **ZAO Santens Service** for 506.50 square meters (warehouse)
Contract No. CA-03-01/14 dated January 14, 2014 (monthly rent: RUB 313,703.00, including VAT). A contract with a automatic renewal. Contract had been terminated on January 1, 2016.
Contract No. CC-CA-03/14 dated February 1, 2016 for 568, 2 square meters (monthly rent: RUB 345073,30 including VAT). Valid for 11 month.
- **ZAO SPTB** for 29.3 square meters (Samara office).

Contract No. 21 dated January 17, 2014 (monthly rent: RUB 14,650.00, including VAT). Contract expiration date: not set.

- **Market Style OOO** for 31 square meters (Omsk office)

Sublease Contract dated November 1, 2015 (unnumbered) (monthly rent: RUB 15,345.00). The contract expires on September 30, 2016. Sublease Contract dated October 1, 2016 (unnumbered) (monthly rent: RUB 15,345.00). The contract expires on September 30, 2017

- **Individual entrepreneur V.A. Kataeva** for 40 square meters (Krasnoyarsk office).

Lease Contract dated December 19, 2015 (monthly rent: RUB 40 000.00). The contract expires on November 19, 2015. Lease Contract dated November 20, 2015 (monthly rent: RUB 40,000.00). The contract expires on October 20, 2017.

- **TD VDNKh:** (a utility room in Moscow)

Contract No. 1102/15/618/1 dated December 28, 2015 (monthly rent: RUB 62239,30). The contract expires on November 30, 2016.

Sublease Contract No. 1600/16/618/1 dated December 8, 2016 (monthly rent: RUB 72217,32). The contract expires on October 31, 2017.

6.3. Additional information about the goods rejection procedure.

Goods that are subject to write-off and destruction are identified according to the following criteria:

- expiration of shelf life;
- non-compliance with regulatory requirements;
- loss of marketability, etc.

The Company has entered into contracts for destruction of rejected goods with the following companies:

OOO National Ecological Company: contract for pharmaceutical waste collection and disposal services No. N77-140/13 dated June 6, 2013 (License No. 076/00115 issued on March 22, 2013) with an automatic renewal clause.

6.4. Information about the Company's expenses on wages, vacation pay and payment of bonuses to employees.

Structure of the accrued amounts in favor of the Company's employees in 2016:

Subdivision	2016, RUB'00 0	2016, %	2015, RUB'00 0	2015, %
Head Office (Moscow)	292 858	46,37%	226 027	59,20%
Standalone subdivision in St. Petersburg for the North-West and Volga Region	52 165	8,26%	38 010	10,53%
Standalone subdivision in Rostov-on-Don	84 855	13,43%	73 984	12,58%
Standalone subdivision in Yekaterinburg	46 733	7,40%	39 726	5,91%
Standalone subdivision in Krasnoyarsk	51 958	8,23%	43 721	3,58%
Standalone subdivision in Omsk	35 911	5,69%	26 108	1,91%

Standalone subdivision in Samara	64 443	10,20%	48 240	5,33%
Standalone subdivision Warehouse for wholesaling medical products in Istra District	2 679	0,42%	2 896	0,96%
Total	631 602	100%	498 711	100%

As at the end of 2016, the liabilities for payment of wages were discharged in full.

6.5. Information about the Company's deferred expenses on vacation pay and bonus payments to employees

The employees' accrued and unused vacations as at December 31, 2016, including insurance contributions, made up RUB 40 797 thousand; bonuses based on 2016 results, including insurance contributions, were RUB 40 223 thousand.

In 2017 the Company plans to accrue and pay the following amounts (short-term remuneration) to the key management personnel: labor remuneration in the amount of RUB 71 949 thousand, paid annual leaves in the amount of RUB 6 356 thousand; annual bounties amounted to RUB 4 625 thousand. Long-term payments to key management personnel are not planned.

6.6. Notes to the Balance Sheet

6.6.1. The receivables recorded in the balance sheet line 1230 are short-term and amount to RUB 2 172 551 thousand. There are no long-term receivables. When preparing the balance sheet, the Company additionally discloses receivables relating to settlements with accountable persons and other settlements with employees; for comparison purposes, the balance sheet shows settlements as at December 31, 2015 and December 31, 2016.

6.6.2 Breakdown of accounts receivable (line 1230), RUB'000

Type	2016	2015
Settlements on advances issued	116 704	26 274
Settlements with buyers and customers	1 899 300	1 572 431
Settlements with the budget (PIT)	514	473
Settlements with the budget (VAT)	-	-
Settlements with the budget (advance income taxes)	73 404	44 675
Other taxes and levies	-	-
Payments to extra-budgetary funds	3 645	4 862
Settlements with accountable persons	6 064	11 317
Settlements with employees on loans issued	9 159	5 805
Insurance settlements	-	-
Settlements of claims	37	3
Settlements with other debtors	63 724	46 516
TOTAL	2 172 551	1 712 356

6.7. Notes to the Profit and Loss Statement

6.7.1. Information on the expenses on ordinary activities.

The expenses on ordinary activities (production cost and business expenses) reported in the Profit and Loss Statement for 2016 amount to RUB 4 450 475 thousand. The cost of goods sold is RUB 3 065 092 thousand. Business expenses amount to RUB 1 385 383 thousand.

6.8. Notes to the Statement of Cash Flows

6.8.1. Other proceeds from operating activities (line 4119), RUB'000

	2016	2015
Value added tax (balance)	-	-
Refund of taxes and levies from the budget	39 852	57 969
Refunds from customs authorities	-	5 829
Insurance indemnity	2 081	798
Other refunds	8552	3 538
TOTAL	50 485	68 134

6.8.2. Other payments within operating activities (line 4129), RUB'000

	2016	2015
Customs payments	101 492	110 977
Payment of taxes and contributions (other than income tax and VAT)	130 255	103 661
Payment for insurance	36 282	33 694
Advances to employees	44 464	38 045
Interest-free loans to employees	11 085	9 576
Payment of bonuses and return of goods by buyers	379	2 364
Value added tax (balance)	70 661	
Other payments	146 732	42 629
TOTAL	540 978	340 946

In 2016 the Company applied the method of accounting for customs payments to report cash flows: payment of VAT to the customs is shown as a separate item of cash flows and reduces the VAT balance in the Statement of Cash Flows, which is recorded within other payments in line 4129.

6.9. Other data

6.9.1. Inspections by the Social Insurance Fund.

- June 16, 2016: The Company got the Solution from Inspectorate of the Federal Tax Service № 17 of Moscow about the field tax audit № 19-25/1-91 dated June 16, 2016 for all taxes and fees, the audited period is from January 1, 2013 to December 31, 2015
- June 16, 2016: The Company got the Solution from IFTS № 17 of Moscow about the suspension of the field tax audit № 19-25/ИП-91 from June 30, 2016

- December 26, 2016: The Company got the Solution from IFTS № 17 of Moscow about resumption of the field tax audit № 19-25/ВЗ-193 from December 26, 2016
- February 15, 2017: The Company was issued the Reference from IFTS № 17 of Moscow about the completion of the field tax audit №19-25/С-976 from February 15, 2017.

6.9.2. *Events after the balance sheet date.*

There were no events after the balance sheet date that could have a material impact on the presentation of the accounting statements in accordance with PBU 7/98.

The Company registered an increase in the amount of the authorized capital in 2016.

6.9.3. *Provisions, contingent assets and liabilities*

In accordance with PBU 8/2010, the Company made the following provisions for future expenses as at December 31, 2015:

- for payment of annual bonuses to employees in the amount of RUB 40 223 thousand;
- the payment of quarterly bonuses to employees in the amount of RUB 10 305 thousand;
- for future vacation payments in the amount of RUB 40 797 thousand;
- for returned goods in the amount of RUB 640 thousand;
- for imprest cash in the amount of RUB 6 041 thousand;
- for fuel and lubricants in the amount of RUB 2 487 thousand
- for other expenses in the amount of RUB расходы 61 354 thousand;
- for future expenses on bonuses to buyers for 2016 in the amount of RUB 166 139 thousand. The estimated liability for payment of bonuses to buyers was based on monetary valuation by the Company's management.

The Company has no contingent assets and liabilities.

In accordance with PBU 8/2010, the Company made the following provisions for future expenses as at December 31, 2015:

- for payment of annual bonuses to employees in the amount of RUB 30 715 thousand;
- for payment of quarterly bonuses to employees in the amount of RUB 14 794 thousand;
- for future vacation payments in the amount of RUB 30 130 thousand;
- for returned goods in the amount of RUB 366 thousand;
- for imprest cash in the amount of RUB 11 275 thousand;
- for other expenses in the amount of RUB 14 271 thousand;
- for future expenses on bonuses to buyers for 2015 in the amount of RUB 125 914 thousand. The estimated liability for payment of bonuses to buyers was based on monetary valuation by the Company's management.

The Company has no contingent assets and liabilities.

6.9.4. Related party transactions

The volume of transactions with related parties during the reporting period was as follows:

<i>Related parties</i>	<i>Type of relation</i>	<i>Type of transactions</i>	<i>Applied pricing methods for each type of transactions</i>	<i>Volume of transactions in 2016</i>	<i>Volume of transactions in 2015</i>
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party(Parent company of the SUN PHARMACEUTICAL INDUSTRIES LTD (India) group)	Purchase of goods	According to the agreement (market price)	RUB 2 146 616 thousand	RUB 1 082 521 thousand
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party (Parent company of the SUN PHARMACEUTICAL INDUSTRIES LTD (India) group)	Receipt of a bonus for purchasing volume	According to the agreement	-	-
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party(Parent company of the SUN PHARMACEUTICAL INDUSTRIES LTD (India) group)	Compensation for discount given to the buyer	According to the agreement	-	RUB 4 458 thousand
Ranbaxy Therapy	Other related party (the company of the SUN PHARMACEUTICAL INDUSTRIES LTD)	Purchase of goods	According to the agreement (market price)	RUB 896 850 thousand	RUB 894 400 thousand
Ranbaxy Therapy	Other related party (the company of the SUN PHARMACEUTICAL INDUSTRIES LTD)	Receipt of a bonus for purchasing volume	According to the agreement	-	RUB 37 973 thousand
Representative Office of Ranbaxy	Other related party(the Representative	Purchase of fixed assets	According to the agreement (market price)	RUB 275 thousand	RUB 7 593 thousand

Laboratories Ltd.	Office of the SUN PHARMACEUTICAL INDUSTRIES LTD in Russia				
Representative Office Of SUN PHARMACEUTICAL INDUSTRIES LTD	Other related party(the Representative Office of the SUN PHARMACEUTICAL INDUSTRIES LTD	Agency contract	According to the agreement	RUB 1 514 thousand	-
Representative Office of Ranbaxy Laboratories Ltd.	Other related party(the Representative Office of the SUN PHARMACEUTICAL INDUSTRIES LTD	Purchase of fixed assets	According to the agreement (market price)	-	RUB 6 211 thousand
Ranbaxy (Netherlands) B.V.	Principal shareholder (99 percent of stocks)	Repayment of a long-term loan	According to the set-off agreement	-	-
Ranbaxy (Netherlands) B.V.	Principal shareholder (99 percent of stocks)	Repayment of a short-term loan		-	-
Ranbaxy (Netherlands) B.V.	Principal shareholder (99 percent of stocks)	Accrual of interest under the short-term loan agreement	3M Libor + 150 bp p.a.	USD 233 thousand	USD 203 thousand

Accounts receivable and payable to related parties of the Company as at December 31, 2015 were as follows:

in RUB'000

Related party	Type of relation	Amount of accounts receivable (payable) 2016	Amount of accounts receivable (payable) 2015
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party(Parent company of the SUN PHARMACE	(1 502 589)	(1 075 666)

Laboratories Ltd.	Representative Office of the SUN PHARMACEUTICAL INDUSTRIES LTD in Russia)			
Sun Pharmaceutical Industries Ltd.	Other related party (the company of the SUN PHARMACEUTICAL INDUSTRIES LTD (India) group)	Payment for fixed assets	RUB 1 789 thousand	RUB 279 thousand
Ranbaxy (Netherlands) B.V.	Principal shareholder (99 percent of stocks)	Payment of interest under the loan agreement	RUB 5 790 thousand	USD 6 606 thousand

In 2016, the following amounts were accrued in favor of key management personnel: labor remuneration in the amount of RUB - 60 685 thousand; paid annual leaves in the amount of RUB 2 900 thousand; rewards (bonuses) at year-end 2015 in the amount of RUB 6 437 thousand; other bonuses in the amount of RUB 18 329 thousand; and compensatory payments in the amount of RUB 1 055 thousand. In 2016, the Company provided short-term interest-free loans to management personnel in the amount of RUB 3 228 thousand. No long-term payments to key management personnel were made in 2016.

In 2015, the following amounts were accrued in favor of key management personnel: labor remuneration in the amount of RUB 22 965 thousand; paid annual leaves in the amount of RUB 1 206 thousand; rewards (bonuses) at year-end 2014 in the amount of RUB 3 836 thousand; other bonuses in the amount of RUB 9 213 thousand; and compensatory payments in the amount of RUB 277 thousand. In 2015, the Company provided short-term interest-free loans to management personnel in the amount of RUB 2 069 thousand. No long-term payments to key management personnel were made in 2015.

6.10. Information about the risks of business activity

6.10.1 General information about potential major risks of business activity.

The Company's activities are subject to various risks that may affect the achievement of set objectives. For the purposes of management of potential risks, the Company has implemented and develops a risk-based approach to business activities aimed at ensuring that the Company's management makes the most effective and efficient management decisions under uncertainty and identifying opportunities for achievement of the Company's objectives.

The most significant risks that could affect the Company's activities are grouped as follows:

- credit risks;
- liquidity risks;

- currency risks;
- legal risks.

6.10.2 Disclosure of information about credit risks.

The Company's credit risk is mainly concentrated in its trade and financial activities, and other accounts receivable.

Management is making every possible effort to minimize the Company's risk exposure. In particular, the creditworthiness of customers is assessed on the basis of the contractors' financial statements, which is a prerequisite for establishing credit limits under contracts for supply of goods. Management believes that there are no significant losses for which no provision for impairment related to these and other receivables was made as at December 31, 2016.

In order to reduce the risk of impairment of receivables from commercial organizations, the Company implements a number of procedures. Credit risk is determined by summarizing the probability and the possible impact of events that affect the customers' ability to meet their obligations. Credit rating is assigned to a customer at the beginning of cooperation and is then periodically reassessed on the basis of its credit history. As part of the credit risk management policy, the Company carries out preventive procedures, which include, but are not limited to, advance payments, requirement of a collateral, bank guarantees, letters of credit, and third party guarantees. To collect overdue receivables, the Company performs a number of actions starting from notification, suspension of the supply of goods, offsetting, and applying to courts.

As at December 31, 2016, the receivables secured by guarantees and sureties were as follows:

Buyer	Debt amount, rubles	Collateral amount	Guarantor / Surety
		rubles	
BSS LLC	51 626 834	80 000 000	VTB Bank OAO, branch in St. Petersburg
Grand Capital FC OOO	145 744 972	149 000 000	RaiffeisenBank, OJC
GPD	45 968 346	55 000 000	RaiffeisenBank, OJC
Katren NPK AO	436 423 690	800 000 000	OAO Katren (Russia)

Protek TsV ZAO	314 995 239	650 000 000	OAO Sberbank of Russia
ProfitMed CJSC	69 921 647	70 000 000	OAO Sberbank of Russia
Pulse FC OOO.	296 843 494	650 000 000	OAO Sberbank of Russia
Rosta ZAO	97 770 778	140 000 000	Uralsib Bank, PJSC
Farmpespektiva OOO	58 310 558	60 000 000	RaiffeisenBank, OJC
Total	1 517 605 561	2 654 000 000	

6.10.3 Disclosure of information about liquidity risks.

The Company monitors the risk of liquidity shortage at the stage of developing a cash flow budget and reviewing its implementation. The Company aims to maintain a balance between the provision of money and flexibility through the use of loans granted by the parent company. The cash flow budget takes into account the timing of cash inflows and outflows from the Company's operations. Decisions to invest available funds or raise external funding are adopted based on the projected cash flows. Through implementation of the liquidity risk management policy the Company ensures the availability of sufficient cash to meet liabilities when due.

6.10.4 Disclosure of information about currency risks.

In 2016, the Company had payables denominated in the loan currency and incurred foreign currency liabilities related to payment of interest on loans, due to which the Company is exposed to currency risk. These transactions are denominated in US dollars. Due to the sharp devaluation of the ruble during 2016, the Company incurred significant foreign exchange losses totaling RUB 87 772 thousand.

In order to reduce currency risk, the Company has switched to contracts with suppliers of goods providing for payments in rubles. With respect to monetary assets and liabilities denominated in foreign currencies, the Company's policy is aimed at maintaining the net position at risk within reasonable limits by purchasing and selling foreign currency at spot rates when necessary to address short-term imbalances.

Existence and movement of liabilities denominated in foreign currencies:

	Liabilities denominated in US dollars (USD'000)	Liabilities denominated in Euros (EUR'000)
Balance as at December 31, 2015	6 973	none
New liabilities	233	none

Repaid	(88)	none
Balance as at December 31, 2016	7 118	none

Official foreign currency exchange rates set by the Central Bank of the Russian Federation as at the balance sheet date were as follows:

	Exchange rate as at December 31, 2016	Exchange rate as at December 31, 2015
US dollar (USD)	60,6569	72,8827

After the balance sheet date, the exchange rate of the ruble appreciated by 4,44 percent against the US dollar and was 57, 9627 rubles for one US dollar at the date of signing these accounting statements.

6.10.5 Disclosure of information about other risks.

At present, the Company's major legal risks are related to changes in the tax legislation, legal regulations, and amendments to bylaws.

Currently, Russia has a number of taxes imposed at the federal, regional, and local levels. These taxes include the value added tax, the corporate income tax, the property tax, various insurance contributions (for mandatory pension insurance, mandatory social insurance, compulsory medical insurance), and other taxes.

The current tax legislation is subject to frequent changes. In addition, the interpretation of certain provisions of tax legislation can be changed by the judiciary. This results in a large number of disputes between tax authorities and taxpayers. These disputes are mainly resolved in courts. In addition, compliance with tax and other laws (for example, customs and currency laws) is subject to examination by various government authorities entitled to impose fines and penalties.

In accordance with applicable laws, tax authorities may audit the company's activities for the three years preceding the year of audit. The fact that the company's activities for a certain period have been audited by tax authorities does not mean that the company's tax liabilities for that period will not be audited in the future: tax authorities have the right to conduct a repeated tax audit by decision of a higher level tax authority or in case the taxpayer files revised tax declarations stating a lesser amount of tax than that declared previously.

The tax risks resulting from all these facts considerably exceed those that are customary for companies in countries with a better developed tax system. Management believes that the relevant provisions of legislation have been interpreted correctly and that the probability of maintaining the status of the Company in the context of tax, currency and customs legislation as at December 31, 2016 is high.

6.11. Summary.

According to the results of its activities in 2016, the Company earned a profit of RUB 211 943 thousand. In 2016, sales increased by 37,61percent, while the share of cost in sales increased by 0,26

percent, which amounted to 61,35 percent in 2016 vs. 61,61 percent in 2015 and the share of business expenses increased insignificantly by 0,7 percent (27,73 percent in 2016 vs 27,53 percent in 2015).

There was a slight increased of other income by 35,72 percent in 2016, while other expenses also increased by 13,60 percent.

As a result of the Company's investment activities, namely, placement of funds in bank deposits, the Company made a profit of RUB 16 255 thousand, loaning, that gave a profit amounted to RUB 7 136 thousand in 2016.

CEO

_____ / Artur Valiev /

March 29, 2017

**Annex to the Notes
to the Accounting (Financial) Statements (RUB'000)**

**1. Intangible assets and of research, development and technological works (R&D)
1.1. Existence and movements of intangible assets**

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Item	Code	Period	At the beginning of the year		Changes over the period						At the end of reporting		
			Historical cost	Accumulated amortization and impairment loss	Additions	Disposal		Accrued amortization	Impairment loss	Revaluation		Historical cost	Accumulated amortization and impairment loss
						Historical cost	Accumulated depreciation and impairment loss			Historical cost	Accumulated amortization		
Total intangible assets	5100	2016	4 834	(3 516)	7 361	-	-	(1 446)	-	-	-	12 195	(4 963)
	5110	2015	4 834	(1 905)	-	-	-	(1 611)	-	-	-	4 834	(3 516)
Including: other intangible assets	5101	2016	4 587	(3 420)	6 691	-	-	(1 353)	-	-	-	11 278	(4 773)
	5111	2015	4 587	(1 891)	-	-	-	(1 529)	-	-	-	4 587	(3 420)
Exclusive copyright to computer programs,	5102	2016	247	(96)	670	-	-	(94)	-	-	-	917	(190)
	5112	2015	247	(14)	-	-	-	(82)	-	-	-	247	(96)

1.2. Historical cost of intangible assets developed in-house

Item	Code	As at 31 December 2016		As at 31 December 2015	
		As at 31 December 2016	As at 31 December 2015	As at 31 December 2015	As at 31 December 2014
Total	5120	-	-	-	-
Including:					
	5121	-	-	-	-

1.3. Fully amortized intangible assets

Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Total	5130	4	-	-
including:	5131	4	-	-

1.4. Existence and movements of R&D results

Item	Code	Period	At the beginning of the year		Changes over the period			At the end of the period	
			Historical cost	Expensed portion	Additions	Disposals		Historical cost	Expensed portion
						Historical cost	Expensed portion		
Total R&D	5140	2016	-	-	-	-	-	-	-
	5150	2015	-	-	-	-	-	-	-
including:	5141	2016	-	-	-	-	-	-	-
	5151	2015	-	-	-	-	-	-	-

1.5. R&D in progress and not formalized and acquisitions of intangible assets in progress

Item	Code	Period	At the beginning of the year	Changes over the period			At the end of the period
				Costs for the period	Costs written off as unproductive	Recognized as intangible assets or R&D	
Costs of R&D in progress - total	5160	2016	-	-	-	-	
	5170	2015	-	-	-	-	
including:	5161	2016	-	-	-	-	
	5171	2015	-	-	-	-	
Acquisitions of intangible assets in progress	5180	2016	-	7 361	(7 361)	-	
	5190	2015	-	-	-	-	
including:	5181	2016	-	1 070	(1 070)	-	
	5191	2015	-	-	-	-	
Videoclip "Through the clouds"	5182	2016	-	5 621	(5 621)	-	
	5192	2015	-	-	-	-	
Intellectual property "Registration and approval of purchase orders"	5183	2016	-	670	(670)	-	
	5193	2015	-	-	-	-	

2.2. Capital investments in progress

Item	Code	At the beginning of the year		At the beginning of the year	Written off	Recognized as fixed assets or written up	At the end of the period
		5240	5250				
Construction in progress and acquisitions, modernization etc. of fixed assets in progress - total including:		674	177	3 455		(4 128)	674
Vehicle: Renault Sandero X7LBSRB2HBH4369466	5241	2016	64	3		66	64
Vehicle: Renault Sandero X7LBSRB2HCH57215	5242	2016	85	64		85	85
Vehicle: Renault Sandero X7LBSRB2HBH423987	5243	2016	64	85		66	64
Vehicle: Renault Sandero X7LBSRB2HCH53224	5244	2016	85	64		88	85
Vehicle: Renault Sandero X7LBSRB2HBH413695	5245	2016	64	85		64	64
Vehicle: Renault Sandero X7LBSRB2HCH552412	5246	2016	85	64		85	85
Vehicle: Renault Sandero X7LBSRB2HDH665002	5247	2016	114	85		114	114
Vehicle: Renault Sandero X7LBSRB2HDH652310	5248	2016	114	114		114	114
Laptop HP PB 440 G3 i5-6200U with a case	5249	2016		1 715		1 715	
Vehicle: PEUGEOT Partner VF3GCKFWCAX517950	5259	2015					
Vehicle: Renault Sandero X7LBSRB2HCH553221		2015		42		42	
Vehicle: Renault Sandero X7LBSRB2HCH553225		2016		45		45	
Vehicle: Renault Sandero X7LBSRB2HBH415558		2015		85		85	
Vehicle: Chevrolet Cruze XUFJA696JC3026770		2016		42		42	
Automatic gas fire extinguishing system with gas "Inergent"		2015		66		66	
Vehicle: Renault SR X7LLSRAAH9H253644		2016		1 450		1 450	
Electric coffee machine Saeco Royal Office		2015	177	1		178	
Server ATC Avaya G450		2016		48		48	
Laptop HP ProBook 640 Core i5-4210M with a case		2015		181		181	
Laptop HP ProBook 640 Core i5-4210M with a case		2015		49		49	
Laptop HP ProBook 640 Core i5-4210M with a case		2016		49		49	
Laptop HP ProBook 640 Core i5-4210M with a case		2015		49		49	

Vehicle: Renault SR X7LLSRAAH9H249130	2015	385	385	385
	2016	-	-	-
Vehicle: Renault SR X7LLSRB1HCH564722	2015	176	176	176
	2016	-	-	-
Vehicle: Renault logan X7LLSRB1HCH57260	2015	279	279	279
	2016	-	-	-
Vehicle: Renault SR X7LLSRABH9H245632	2015	259	259	259
	2016	-	-	-
Uninterruptible power source APC Smart-UPS SRT RM, 10000VA/10000W	2015	163	163	163
	2016	-	-	-
Uninterruptible power source APC Smart-UPS RT 3000VA RM	2015	547	547	547
	2016	-	-	-
Uninterruptible power source APC Smart-UPS RT 3000VA 230V	2015	235	235	235
	2016	-	-	-
Uninterruptible power source APC Smart-UPS SRT RM, 10000VA/10000W	2015	159	159	159
	2016	-	-	-
Uninterruptible power source APC Smart-UPS RT 3000VA 230V	2015	547	547	547
	2016	-	-	-
Uninterruptible power source APC Smart-UPS RT 3000VA 230V	2015	159	159	159
	2016	-	-	-
Vehicle: RENAULT SR X7LLSRB1HAH3331586	2015	159	159	159
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH415553	2015	206	206	206
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HCH552411	2015	66	66	66
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HCH557209	2015	88	88	88
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HCH552413	2015	88	88	88
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH423985	2015	88	88	88
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HDH652307	2015	66	66	66
	2016	-	-	-
Vehicle: KIA Rio Qb Z94CB41BADR154011	2015	117	117	117
	2016	-	-	-
Vehicle: Chevrolet Cruze XUFJA696JC3027015	2015	147	147	147
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH423981	2015	120	120	120
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH415554	2015	66	66	66
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH415567	2015	66	66	66
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH423983	2015	66	66	66
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH4370164	2015	66	66	66
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HBH415562	2015	66	66	66
	2016	-	-	-
Laptop HP ProBook 640 Core i5-4210M with a case	2015	59	59	59
	2016	-	-	-
Vehicle: Renault Sandero X7LBSRB2HCH552409	2015	88	88	88
	2016	-	-	-

Xerox WorkCentre 5330	2015	110	110
	2016	-	-
Xerox WorkCentre 5230A	2015	118	118
	2016	-	-
Laptop HP ProBook 640 Core i5-4210M with a case	2015	110	110
	2016	-	-
Laptop HP EliteBook 820 Core i5-4210M with a doc-station	2015	851	851
	2016	-	-
Vehicle: KIA YD (Cerato, Forte) XWFEFX411AE0001439	2015	91	91
	2016	-	-
	2015	236	236

2.3. Changes in the cost of fixed assets resulting from further construction, additional equipment, reconstruction or partial liquidation

Item	Code	in 2016	in 2015
Total increase in the cost of fixed assets as a result of further construction, including:	5260		
FORD Mondeo X9FDXXEED9K47683	5261		
Total decrease in the cost of fixed assets as a result of partial liquidation including:	5270		
	5271		

3. Financial investments
3.1. Existence and movements of financial investments

Item	Code	Period	At the beginning of the year		Changes over the period					At the end of the period		
			Historical cost	Accumulated adjustments	Additions	Disposed of (repaid)		Accrual of interest (including to bring cost to par value)	In current market value (impairment loss)	Historical cost	Accumulated adjustments	
						Historical cost	Accumulated adjustments					
Long-term - total	5301	2016	-	-	-	-	-	-	-	-	-	-
	5311	2015	-	-	-	-	-	-	-	-	-	-
including:												
	5302	2016	-	-	-	-	-	-	-	-	-	-
	5312	2015	-	-	-	-	-	-	-	-	-	-
Short-term - total	5305	2016	425 000	-	3 662 333	-3 675 000	-	-	-	412 333	-	-
	5315	2015	235 000	-	5 700 000	(5 510 000)	-	-	-	425 000	-	-
including:												
Loans issued	5306	2016	-	-	137 333	-	-	-	-	137 333	-	-
	5316	2015	-	-	-	-	-	-	-	-	-	-
Bank deposits	5306	2016	425 000	-	3 525 000	-3 675 000	-	-	-	275 000	-	-
	5316	2015	235 000	-	5 700 000	(5 510 000)	-	-	-	425 000	-	-
Total financial investments	5300	2016	425 000	-	3 662 333	-3 675 000	-	-	-	412 333	-	-
	5310	2015	235 000	-	5 700 000	(5 510 000)	-	-	-	425 000	-	-

3.2. Other utilization of financial investments

Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Pledged financial investments - total including:	5320	-	-	-
	5321	-	-	-
Investments transferred to third parties (except sale) - total including:	5325	-	-	-
	5326	-	-	-
Other utilization of financial investments	5329	-	-	-

4.2. Inventory pledged

Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Total inventory unpaid as at the reporting date	5440	-	-	-
including:				
	5441	-	-	-
Total inventory pledged as collateral under contracts	5445	-	-	-
including:				
	5446	-	-	-

5. Receivables and payables
5.1. Existence and movements of receivables and payables

Item	Code	Period	At the beginning of the year		Changes over the period							At the end of the period		
			accounted for under contracts	provision for doubtful debts	arising from business transactions (transaction amount outstanding)	interest, penalties and other charges due	repaid	charged against financial result	reversal of provision	reclassification from long-term to short-term	reclassification from receivables to payables	reclassification from payables to receivables	accounted for under contracts	provision for doubtful debts
Total long-term receivables	5501	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5521	2015	-	-	-	-	-	-	-	-	-	-	-	-
including: Settlements with buyers and customers	5502	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5522	2015	-	-	-	-	-	-	-	-	-	-	-	-
Advances made	5503	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5523	2015	-	-	-	-	-	-	-	-	-	-	-	-
Other	5504	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5524	2015	-	-	-	-	-	-	-	-	-	-	-	-
Total short-term receivables	5505	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5525	2015	-	-	-	-	-	-	-	-	-	-	-	-
including: Settlements with buyers and customers	5510	2016	1 759 467	(47 111)	7 022 270	-	-6 599 696	-	(60 160)	-	35	18	2 182 093	(9 543)
	5530	2015	1 434 841	(38 939)	5 058 629	-	-4 734 004	-	(37 891)	-	-	-	1 759 467	(47 111)
Advances made	5511	2016	1 618 495	(46 063)	5 537 593	-	(5 248 293)	-	(60 160)	-	-	-	1 907 794	(8 495)
	5531	2015	1 339 896	(37 891)	3 997 972	-	(3 719 373)	-	(37 891)	-	-	-	1 618 495	(46 063)
Other	5512	2016	27 330	(1 048)	437 427	-	(347 004)	-	-	-	-	-	117 753	(1 048)
	5532	2015	15 080	(1 048)	240 330	-	(228 080)	-	-	-	-	-	27 330	(1 048)
Settlements on taxes and levies	5513	2016	113 642	-	1 047 251	-	(1 004 399)	-	-	-	35	18	156 546	-
	5533	2015	79 865	-	820 327	-	(786 550)	-	-	-	-	-	113 642	-
Settlements on social insurance and security	5514	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5534	2015	-	-	-	-	-	-	-	-	-	-	-	-
Other settlements with personnel	5515	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5535	2015	-	-	-	-	-	-	-	-	-	-	-	-
Settlements with accountable persons	5516	2016	-	-	-	-	-	-	-	-	-	-	-	-
	5536	2015	-	-	-	-	-	-	-	-	-	-	-	-
Total	5517	2016	1 759 467	(47 111)	7 022 270	-	-659 969 642 7	-	(60 160)	-	X	X	2 182 093	(9 543)
	5520	2015	1 434 841	(38 939)	5 058 629	-	-473 400 370 9	-	(37 891)	-	X	X	1 759 467	(47 111)

5.2. Overdue receivables

Item	Code	As at 31 December 2016		As at 31 December 2015		As at 31 December 2014	
		accounted for under contracts	book value	accounted for under contracts	book value	accounted for under contracts	book value
Total							
including:							
Settlements with buyers and customers	5540						
Settlements with buyers and customers (on advance payments, prepayments)	5541						
Other	5542						
	5543						
	5544						

5.3. Existence and movements of payables

Item	Code	Period	Balance at the beginning of the year	Changes over reporting period				Written-off to P&L	transfer from long- to short-term debt	reclassification from receivable to payables	reclassification from payables to receivable	Balance at the end of reporting period
				арising from business transactions (transaction amount outstanding)	interest, penalties and other charges due	repaid	выбыло					
Total long-term payables												
including:												
credits												
loans												
other												
Total short-term payables												
including:												
settlements with buyers and customers	5551	2016	2 176 367	5 365 954	16 715	(5 107 869)	-	-	-	-	-	2 451 166
	5571	2015	1 638 762	4 268 018	13 890	(3 744 303)	-	-	-	-	-	2 176 367
	5561	2016	1 627 497	3 733 629	-	(3 392 490)	-	-	-	-	-	1 968 636
	5581	2015	1 049 596	2 806 392	-	(2 228 492)	-	-	-	-	-	1 627 497
advances received												
	5562	2016	375	121 134	-	(121 251)	-	-	-	-	-	258
	5582	2015	452	152 375	-	(152 452)	-	-	-	-	-	375
Settlements on taxes and levies												
	5563	2016	9 163	514 874	-	(499 653)	-	-	-	-	-	24 383
	5583	2015	10 514	381 437	2	(382 789)	-	-	-	-	-	9 163
lending												
	5564	2016	-	-	-	-	-	-	-	-	-	-
	5584	2015	-	-	-	-	-	-	-	-	-	-
borrowing												
	5565	2016	508 213	60 990	16 715	(154 131)	-	-	-	-	-	431 788
	5585	2015	387 289	247 119	13 888	(140 083)	-	-	-	-	-	508 213
other												
	5566	2016	31 119	935 327	-	(940 344)	-	-	-	-	-	26 101
	5586	2015	32 511	679 095	-	(680 487)	-	-	-	-	-	31 119
settlements with founders on contributions to charter capital												
	5567	2016	-	-	-	-	-	-	-	-	-	-
	5587	2015	-	-	-	-	-	-	-	-	-	-
Total												
	5550	2016	2 176 367	5 365 954	16 715	(5 107 869)	-	X	X	X	X	2 451 166
	5570	2015	1 638 762	4 268 018	13 890	(3 744 303)	-	X	X	X	X	2 176 367

6. Production costs

Item	Code	2016	2015
Material expenses	5610	39 842	22 994
Labor costs	5620	539 437	427 168
Social security contributions	5630	124 310	98 566
Depreciation	5640	18 325	22 392
Other costs	5650	665 988	428 611
Total	5660	1 387 902	999 731
Change in balances (increase [-]): of work in progress, finished goods, etc.	5670	(2 520)	(139)
Change in balances (decrease [+]): of work in progress, finished goods, etc.	5680	-	-
Total expenses from ordinary activities	5600	1 385 382	999 592

7. Estimated liabilities

Item	Code	Balance at the beginning of the year	Recognized	Reversed	Written off as excess	Balance at the end of the period
Estimated liabilities - total	5700	227 466	463 718	(360 137)	(3 061)	327 987
including:						
Provision for fuel and lubricants	5701	-	6 392	(3 905)	-	2 487
Provision for returned goods	5702	366	482	-	(208)	640
Provision for vacation pay	5703	30 130	49 618	(38 951)	-	40 797
Provision for payment of annual bonuses to employees	5704	30 715	58 911	(49 403)	-	40 223
Other expenses	5705	14 271	49 936	-	(2 853)	61 354
Bonuses to buyers	5706	51 435	87 236	(79 484)	-	59 187
Provision for payment of quarterly bonuses to employees	5707	14 794	(4 489)	-	-	10 305
Provision for imprest amounts	5708	11 276	(5 235)	-	-	6 041
Volume discounts to buyers	5709	74 479	220 867	(188 394)	-	106 952

8. Security for obligations

Item	Code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Received - total	5800	3 774 776	1 630 000	1 625 000
including:				
	5801			
Given - total	5810			
including:				
	5811			

9. Government aid

Item	Code	2016		2015	
		At the beginning of the year	Received during the year	Repaid during the year	At the end of the year
Budgetary funds received - total	5900	-	-	-	-
including:					
for current expenditures	5901	-	-	-	-
for investments in non-current assets	5905	-	-	-	-
Budgetary loans - total					
including:					
in 2016	5910	-	-	-	-
in 2015	5920	-	-	-	-
in 20156	5911	-	-	-	-
in 2015	5921	-	-	-	-