LLC "Ranbaxy Pharmaceuticals Ukraine"

Financial Statements

For the year ended 31 December 2015

CONTENTS

For the year ended 31 December 2015

The director have pleasure in presenting the report for the year ended 31 December 2015.

Review of business and operations

Main business and operations

The company is established on 13.06.2012 and engaged in import and trade of pharmaceutical products.

The operating results and state of affairs of the company are fully set out in financial Statements for 2015.

Financial result for the year 2015 is a net loss in amount of UAH 1 645 thousands (2014: UAH 1 365 thousands). The main reason for the loss in 2015 was devaluation of national currency. The forex loss was UAH 28 173 thousands in 2015.

Events after reporting date

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

Authorised and issued share capital

Authorized share capital as per the Charter is UAH 39 950 thousand. There were no changes in the authorised share capital of the company during the year 2015.

Dividends

No dividends were declared or paid to the shareholders during the year.

Directors

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

Name	Nationality
Alok Batra	India

Secretary

The company had no secretary during the year.

Holding company

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

Auditor in 2015

"Baker Tilly Ukraine" LLP

Business address Postal address Registered office

175, Kharkivske shosse,

Kyiv, Ukraine

02121

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Alok Batra, Director

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INDEPENDENT AUDITOR'S REPORT

To the owners of Limited Liability Company "Ranbaxy Pharmaceuticals Ukraine"

We have audited accompanying financial statements of LLC "Ranbaxy Pharmaceuticals Ukraine" (the Company hereinafter), which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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.

Basis for Qualified Opinion

The financial statements of the Company as at and for the year ended 31 December 2014 were audited by other auditors whose report dated 20 January 2015 expressed a qualified opinion on those statements because they

were appointed auditors of the Company during 2014 and thus were not able to observe the counting of inventories as at 1 January 2014. The other auditors were unable to satisfy themselves as to those inventory quantities by alternative means. As a result, they were unable to determine whether adjustments might have been found necessary in respect of the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows as at and for the year ended 31 December 2014.
Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Opinion

In our opinion, except for the possible effects on the corresponding figures as at and for the year ended 31 December 2014 and the possible effects on the comparability of the current year's figures of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 3 "Operating environment, risks, and economic conditions" to the financial statement, which contains description of current economic and political crisis. The impact of the continuing economic crisis and political turmoil in Ukraine and their final resolution are unpredictable and may adversely affect the Ukrainian economy and the operation of the Company.
Our opinion is not qualified in respect of this matter.

Partner
"BAKER TILLY UKRAINE" LLP — Alexandra Zvereva
5 February 2016
Kyiv, Ukraine

Registration # 16-010

LLC "RANBAXY PHARMACEUTICALS UKRAINE"

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015
(in UAH thousand, unless otherwise stated)

	Notes	2015	2014
Revenues from sales	17	212 970	190 579
Cost of sales		(146 613)	(102 485)
Gross profit		**66 357**	**88 094**
Administrative expenses	18	(22 147)	(10 183)
Distribution costs	19	(80 307)	(57 383)
Other income	20	57 902	7
Other expenses	21	(22 254)	(18 099)
Profit/(loss) before tax		**(449)**	**2 436**
Income tax expense	10	(1 196)	(3 801)
Profit/(loss) for the year		**(1 645)**	**(1 365)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**(1 645)**	**(1 365)**

Alok Batra
Director

Irina Poltieva
Chief Accountant
Finance

Notes on pages 10 - 25 form an integral part of these financial statements

LLC "RANBAXY PHARMACEUTICALS UKRAINE"

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015
(in UAH thousand, unless otherwise stated)

	Notes	2015	2014
Assets			
Non-current assets			
Intangible assets	9	486	130
Property and equipment	8	1 058	1 272
Deferred tax assets	10	333	617
		1 877	**2 019**
Current assets			
Inventories	11	86 825	55 829
Trade and other receivables	12	18 886	5 547
Cash and cash equivalents	13	9 602	20 251
		115 313	**81 627**
Total assets		**117 190**	**83 646**
Equity and liabilities			
Equity			
Authorized capital	14	39 950	39 950
Retained earnings		(277)	1 368
Total equity		**39 673**	**41 318**
Current liabilities			
Trade and other payables	15	72 307	35 981
Provision of current costs	16	5 210	3 435
Income tax payable		-	2 912
		77 517	**42 328**
Total liabilities		**77 517**	**42 328**
Total equity and liabilities		**117 190**	**83 646**

Alok Batra
Director

Irina Poltieva
Chief Accountant
Finance

Notes on pages 10 - 25 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015
(in UAH thousand, unless otherwise stated)

	Notes	Authorized capital	Retained earnings	Total
As at 31 December 2013		**39 950**	**2 733**	**42 683**
Profit/(loss) for the year		-	(1 365)	(1 365)
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**(1 365)**	**(1 365)**
As at 31 December 2014		**39 950**	**1 368**	**41 318**
Profit/(loss) for the year		-	(1 645)	(1 645)
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**(1 645)**	**(1 645)**
As at 31 December 2015		**39 950**	**(277)**	**39 673**

Alok Batra
Director

Irina Poltieva
Chief Accountant
Finance

Notes on pages 10 - 25 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015
(in UAH thousand, unless otherwise stated)

	2015	2014 Restated*
Cash flows from operating activities		
Profit/(loss) before tax	(449)	2 436
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property and equipment	332	199
Amortisation of intangible assets	76	22
Decrease of payables to cover losses from exchange rate differences in the period of fluctuations of foreign currencies to hryvna and to maintain the profitability of the Buyer	(57 608)	-
Other (income)/expenses	(18)	5
Working capital adjustments:		
(Increase)/Decrease in inventories	(30 996)	1 518
(Increase)/Decrease in trade and other receivables	(10 155)	(3 738)
Increase/(Decrease) in trade and other payables	93 934	15 585
Increase/(Decrease) in provision of current costs	1 775	736
Income tax paid	(7 008)	(3 970)
Net cash flows from operating activities	**(10 117)**	**12 793**
Cash flows from investing activities		
Acquisition of fixed assets	(100)	(942)
Purchase of intangible assets	(432)	(65)
Net cash flows used in in investing activities	**(532)**	**(1 007)**
Cash flows from financing activities		
Net cash flows from/(used) in financing activities	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	(10 649)	11 786
Cash and cash equivalents at 1 January	20 251	8 465
Cash and cash equivalents at 31 December	**9 602**	**20 251**

* In the current year, the Company changed the method of reporting cash flows from operating activities and used indirect method (Note 5.1).

Alok Batra
Director

Irina Poltieva
Chief Accountant
Finance

1. Background

Limited Liability Company "Ranbaxy Pharmaceuticals Ukraine" (hereinafter referred to as "the Company" specializes in wholesale of pharmaceutical goods on the territory of Ukraine.

Limited Liability Company "Ranbaxy Pharmaceuticals Ukraine" registered 13 June 2012 under the current legislation of Ukraine.

The legal address of the Company: Ukraine, 02121, Kyiv, Kharkivske shosse, 175.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Reporting date and reporting period

The date of the annual financial statements for 2015 is 31 December 2015. Previous reporting period lasted from 1 January 2014 to 31 December 2014.

Functional currency and reporting unit of measurement

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

Going Concern

The financial statements have been prepared on a going concern basis, which envisages the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

3. Operating environment, risks, and economic conditions

Political crisis – In 2014 and 2015, Ukraine has been in a political and economic turmoil. Crimea, an autonomous republic of Ukraine, was effectively annexed by the Russian Federation. Ukraine had also suffered from the separatist movements and the collapse of law enforcement in Luhansk and Donetsk regions.

The Ukrainian Hryvnia ("UAH") has devalued against major foreign currencies. The National Bank of Ukraine introduced a range of stabilisation measures aimed at limiting outflow of customer deposits from the banking system, improving liquidity of banks and stabilisation of the exchange rate of UAH against major foreign currencies.

Significant external financing is required to support the economy. Stabilisation of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts, yet further economic and political developments are currently difficult to predict.

Whilst management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances. However, continued and unexpected further deterioration in the areas described above could negatively affect the Company's results and financial position in a manner not currently determinable as of now.

4. Summary of significant accounting policies

Property and equipment

Property and equipment are recognized in the statement of financial position of the Company at historical cost less accumulated depreciation. Cost of property and equipment includes purchase price and any direct attributable costs. For constructed facilities - the cost includes all costs directly related to the construction of the building (materials, wages, depreciation of equipment involved in construction and so on).

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

The costs of reconstruction and modernization are capitalized.

Gains (losses) on disposals of property and equipment recorded in profit or loss as they actually incurred.

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

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

Company's facilities and equipment are divided as follows:

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

For each item of property established its expected useful life. In some cases, the expected useful life may be shorter than the period of the economic life of an asset because of the nature of asset. Estimation of useful life of the asset is carried out using professional judgment based on experience with similar assets of the Company. The expected useful life on a regular basis (usually annually) inspected and, if necessary, revised.

Depreciation is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end in accordance with IAS 8 (IAS 8) "Accounting Policies, Changes in Accounting Estimates and mistakes" Such estimates can have a significant impact on the carrying value of property and equipment and the depreciation during the period.

Intangible assets

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

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

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

Depreciation is calculated on a straight-line basis over the useful life of the asset. Estimated useful lives of intangible assets is from 2 to 5 years. Intangible assets are tested for impairment at the end of each reporting period. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. During the reporting period the Company's intangible assets were primary presented by computer software.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of sales includes only the carrying amount of inventories that were used in the reporting period. The cost is determined based on FIFO method.

4. Summary of significant accounting policies (continued)

Financial instruments

Recognition of financial instruments

Financial assets and financial liabilities of the Company include cash and cash equivalents, accounts receivable and accounts payable, other liabilities and loans. The accounting policies for their recognition and measurement are disclosed in notes to the financial statements.

During the reporting period, Company did not use any financial derivatives, interest rate swaps and forward contracts to reduce the foreign currency or interest rate risks.

The Company recognizes financial assets and financial liabilities in its statement of financial position if they are part of the contractual obligations for financial instruments. Financial assets and liabilities are recognized on the transaction date.

According to IAS 39 "Financial Instruments: Recognition and Measurement", financial assets are classified into the following four categories: financial assets 'at fair value through profit or loss'; 'loans and receivables'; 'held to maturity' investments and 'available-for-sale' financial assets. Upon initial recognition, financial assets are recognized at fair value plus, if they aren't investments at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of a financial asset. When the Company becomes a party to the contract, it considers that it contains embedded derivatives. Embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss if the analysis shows that the economic characteristics and risks of embedded derivatives are substantially different from those of the main indicators of contract.

The Company classifies financial assets after initial recognition and, if allowed or appropriate, revises the classification at the end of each financial year.

The company has only category of financial assets: loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition loans and receivables carried at amortized cost using the effective interest method, less provision for impairment. Amortized cost is calculated taking into account discounts or premiums arising on acquisition and includes fees that are an integral part of the effective interest rate and the cost of the transaction. Gains or losses arising from the termination of the asset are in the financial statements, the depreciation and amortization charge recognized in the income statement for the period.

On initial recognition of the loan issued at fair value issued by funds, which are determined using market interest rates for similar instruments if they differ significantly from the interest rate on loans. The loans are measured at amortized cost using the effective interest method. The difference between the fair value of issued capital and the amount of the loan is recognized as interest receivable over the term of the loans. Amortized cost is calculated by taking into account any costs associated with the transaction, and any discount or premium at maturity.

Loans maturing more than twelve months from the date of statement of financial position are included in non-current assets.

Receivables displayed with regard to value added tax (VAT) and initially counted the cost, which will have to pay the debtor. Trade and other receivables are adjusted for the amount of the allowance for impairment. Provision for doubtful debts is created when there is objective evidence that the Company will not be able to collect all debts with regard to initial conditions. If the receivables is uncollectible, it is written off against the allowance for doubtful receivables. Payment of amounts previously written off is recognized as revenue in the period.

Fair value

The fair values of financial assets and liabilities are estimated using available market information and appropriate valuation techniques. However, to interpret market data to estimate the fair value of the required qualified opinion. Accordingly, the assessment does not necessarily indicate the amount that can be implemented in existing markets. The use of different market assumptions and / or estimation methods could have a significant impact on the estimated fair value.

Fair values of financial assets and liabilities are estimated using a discounted cash flow and other appropriate valuation techniques by the end of the year; it does not indicate the fair value of these instruments at the date of these financial statements. These estimates do not reflect any premium or discount that could result from the simultaneous sale offers a complete package of specific financial instruments of the Company. Fair value estimates are based on judgments regarding anticipated future cash flows, current economic conditions, risks inherent in various financial instruments and other factors.

Fair value is based on existing financial instruments without attempting to estimate the expected value of the futures transaction and the value of assets and liabilities that are not considered financial instruments.

4. Summary of significant accounting policies (continued)

Provision for impairment of trade and other receivables

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

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

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

Future cash flows on a group of debtors that are assessed collectively for impairment are determined with contractual cash flows, current economic conditions in general terms the emergence of receivables, the experience of the Company to write-off these debts in the past, the creditworthiness of customers, changes in payment terms and contracts other circumstances which, in the opinion of the Company, may affect the future cash flows from such liability.

Changes in the economy, sectoral specifics or the financial situation of individual clients may result in adjustments to the value of provision for impairment of trade and other receivables recognized in the financial statements.

Cash and cash equivalents

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

Value added tax

VAT amounts paid by the Company in the acquisition of goods and services using a tax rate of 7 percent and 20 percent rate, it included the tax credit in general terms. This applies to tax bills that compiled since 1 April, 2014 and subsequent periods.

Revenue, expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- Where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognised as a part of the cost of acquisition of the asset or as a part of the expense item, as applicable; and
- When accounts receivable and accounts payable are stated including the amount of VAT.

Equity

Equity of the Company includes the following elements: capital, unpaid capital and total income.

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

Financial liabilities

Financial liabilities are divided into 2 categories:

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

Financial liabilities are revalued through profit or loss

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

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

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

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

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

4. Summary of significant accounting policies (continued)

Accounts Payable

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

Liabilities for dividends

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

Leases

Lease, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item is to be classified as a finance lease. Other leases are classified as operating leases.

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

Assets obtained under finance leases are recognized and recorded as fixed assets at lower of: the fair value of the acquisition-date or present discounted value of the minimum lease payments.

Income tax

Income tax expense represents the sum of current income and deferred taxes.

Current income tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax

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

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

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

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

Reserves and allowances for future expenses and payments

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

Revenue Recognition

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

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

4. Summary of significant accounting policies (continued)

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

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

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

5. Changes in accounting policies and disclosures

5.1. Reporting cash flows from operating activities

For the year ended 31 December 2014 the Company reported cash flows from operating activities using the direct method. In the current year, the Company changed the method of reporting cash flows from operating activities and used indirect method, because it also used by its Parent company. Respectively, the statement of cash flows for the year ended 31 December 2014 was restated.

5.2. New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these financial statements. They include:

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Company during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

(in UAH thousand, unless otherwise stated)

5. Changes in accounting policies and disclosures (continued)

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim condensed financial statements. They include:

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not impact the accounting policy of the Company.

6. IFRSs and IFRIC Interpretations not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not have any bearer plants.

6. IFRSs and IFRIC Interpretations not yet effective (continued)

The following new or amended standards are not expected to have a significant impact on the Company's financial statements.

- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Equity Method in Separate Financial Statements (Amendments to IAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).
- Disclosure Initiative (Amendments to IAS 1).

7. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The Useful lives of fixed assets and intangible assets

Depreciation or amortization on fixed and intangible assets, accrued over the term of their useful lives. The useful life of an asset is an estimate of how long the asset will be used.

As for durable assets, changes in estimates could lead to significant changes in book value.

Impairment of Assets

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

Deferred tax assets and liabilities

The factors used to assess the likelihood of realization deferred tax assets (liabilities) in the future include operating results of previous years, the operational plan, expiration of tax loss compensation and tax planning strategies. If actual results differ from estimated results or if the Company adjusts these assumptions, it may have a negative impact on the financial position, results of operations and cash flows. If the value of the recognition of deferred tax assets in the future should be reduced, this reduction will be recognized in the statement of comprehensive income.

(in UAH thousand, unless otherwise stated)

8. Property and equipment

	Machinery and equipment	Tools, instruments and equipment	Other	Total
Historical cost				
As at 31 December 2013	**545**	**23**	**17**	**585**
Additions	820	117	5	942
As at 31 December 2014	**1 365**	**140**	**22**	**1 527**
Additions	108	37	3	148
Disposals	(48)	-	-	(48)
As at 31 December 2015	**1 425**	**177**	**25**	**1 627**
Depreciation and impairment				
As at 31 December 2013	**(42)**	**(3)**	**(11)**	**(56)**
Depreciation charge for the year	(184)	(4)	(11)	(199)
As at 31 December 2014	**(226)**	**(7)**	**(22)**	**(255)**
Depreciation charge for the year	(293)	(36)	(3)	(332)
Disposals	18	-	-	18
As at 31 December 2015	**(501)**	**(43)**	**(25)**	**(569)**
Net book value				
As at 31 December 2015	**925**	**134**	**-**	**1 058**
As at 31 December 2014	**1 139**	**133**	**-**	**1 272**
As at 31 December 2013	**503**	**20**	**6**	**529**

9. Intangible assets

	Computer software
Cost	
As at 31 December 2013	**107**
Additions	65
As at 31 December 2014	**172**
Additions	432
As at 31 December 2015	**604**
Amortisation and impairment	
As at 31 December 2013	**(20)**
Depreciation charge for the year	(22)
As at 31 December 2014	**(42)**
Depreciation charge for the year	(76)
As at 31 December 2015	**(118)**
Net book value	
As at 31 December 2015	**486**
As at 31 December 2014	**130**
As at 31 December 2013	**87**

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

(in UAH thousand, unless otherwise stated)

10. Income tax

	2015	2014
Current income tax:		
Current income tax charge	205	4 089
Adjustments in respect of current income tax of previous year	707	-
Deferred tax:		
Relating to origination and reversal of temporary differences	284	(288)
Total	**1 196**	**3 801**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2015	2014
Accounting profit/(loss) before income tax	(449)	2 436
Tax at the Ukrainian tax rate of 18%	(81)	439
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Change in recognised deductible temporary differences	481	-
Adjustments in respect of current income tax of previous year	707	-
Other expenses not deducted in calculating taxable income	89	3 362
Tax charge	**1 196**	**3 801**

Movement in deferred tax balances

	2015	Recognised in profit or loss	2014	Recognised in profit or loss	2013
Provision for staff benefits and other reserve	333	(284)	617	288	329
Net deferred tax asset/(liability)	**333**	**(284)**	**617**	**288**	**329**

11. Inventories

	2015	2014
Finished products and products in stock	86 761	55 785
Fuel	64	44
Total	**86 825**	**55 829**

12. Trade and other receivables

	2015	2014
Trade receivables	7 301	-
Accounts receivable with budget	4 979	1 507
Income tax receivable	3 398	-
Deferred expenses	802	1 007
Receivables for advances paid	2 406	3 033
Total	**18 886**	**5 547**

(in UAH thousand, unless otherwise stated)

12. Accounts receivable (continued)

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			< 30 days	31-90 days	> 90 days
As at 31 December 2015	7 301	7 078	223	-	-
As at 31 December 2014	2	2	-	-	-

13. Cash and cash equivalents

As at December 31, cash and equivalents were presented as follows:

	2015	2014
Cash at bank and on hand	9 602	20 251
Total	**9 602**	**20 251**

Information on available cash of currencies is provided in note 24.

14. Authorized capital

Registered share capital of the Company as of 31 December 2014 and 31 December 2015 year totalled UAH 39 950 thousand. Participants of the Company in the reporting and the previous period were:

Member	The size of the share, In UAH	The size of the share,%
Ranbaxy (Netherlands) BV	39 550 500	99%
Ranbaxy Holdings (UK) Limited	399 500	1%
Total authorized capital	**39 950 000**	**100%**

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

15. Trade and other payables

	2015	2014
Trade payables	72 298	35 970
Other current liabilities	9	11
Total	**72 307**	**35 981**

(in UAH thousand, unless otherwise stated)

16. Provision of current costs

	2015	2014
Maintenance personnel expenses	4 249	2 672
Provision for uninvoiced expenditures	725	753
Ensuring when returning goods to the buyer	236	10
Total	**5 210**	**3 435**

Changes of current provisions for the year ended are presented in table below:

	2015	Increase for the year	Used/Reversed during reporting period	2014	Increase for the year	Used/ Reversed during reporting period	2013
Maintenance personnel expenses	4 249	7 245	(5 668)	2 672	10 626	(9 246)	1 292
Provision for utilization of drugs	-	-	-	-	-	(873)	873
Provision for uninvoiced expenditures	725	13 228	(13 256)	753	5 019	(4 800)	534
Ensuring when returning goods to the buyer	236	483	(257)	10	808	(798)	-
Net deferred tax asset/(liability)	**5 210**	**20 956**	**(19 181)**	**3 435**	**16 453**	**(15 717)**	**2 699**

17. Income from sale

	2015	2014
Revenue from Ukraine	212 970	189 998
Revenue from Moldova	-	581
Total	**212 970**	**190 579**

18. Administrative expenses

	2015	2014
Costs of administrative staff	11 748	5 543
Charges for salaries	1 437	793
Leasing and car maintenance	1 498	434
Banking services	326	314
Rent and service office	3 191	933
Information and consulting services, including audit services, recruiting	738	858
The costs of servicing computer systems	556	502
Other administrative expenses	2 653	806
Total	**22 147**	**10 183**

(In UAH thousand, unless otherwise stated)

19. Distribution costs

	2015	2014
Rental of warehouse and storage services	6 428	4 771
Personnel expenses marketing and sales	31 841	24 663
Charges for salaries	9 049	8 199
Expenditure on advertising and promotion of medicines	17 106	6 248
Leasing and car maintenance	13 420	10 998
Quality control	327	786
Other sales expenses	2 136	1 718
Total	**80 307**	**57 383**

20. Other income

	2015	2014
Write-off payables to cover losses from exchange rate differences in the period of fluctuations of foreign currencies to hryvna and to maintain the profitability of the Buyer	57 608	-
The amount of insurance compensation	69	7
Income from operating exchange differences	225	-
Total	**57 902**	**7**

21. Other expenses

	2015	2014
The financial result from purchase and sale of foreign currency	1 195	2 720
The financial result in the exchange rate differences	19 251	13 106
Costs for disposal of medicines	403	32
Taxes	1 258	340
Excess fuel costs	-	588
Other expenses	147	1 313
Total	**22 254**	**18 099**

22. Related Party Transactions

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

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

Related parties include:

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

Transactions with related parties for the year ended December 31, balance and corresponding calculations are as follows:

Purchases from related parties were as follows:

	2015	2014
Purchases from related parties		
Companies that are controlled or are experiencing significant influence of shareholders	246 310	101 762
	246 310	**101 762**

(in UAH thousand, unless otherwise stated)

22. Related party transactions (continued)

Amounts owed to related parties were as follows:

	2015	2014
Trade payables		
Companies that are controlled or are experiencing significant influence of shareholders	64 860	35 352
	64 860	**35 352**

Compensation of key management personnel:

	2015	2014
Wages and salaries	6 367	2 624
Social security contributions	202	131
	6 569	**2 755**

23. Contingencies and commitments

Tax and regulatory risks

The Ukrainian legislation related to taxation and regulation of the other aspects of the operating activity, including currency and customs control, continues to develop. A number of the adopted legal and normative acts is not always worded distinctly, and their interpretation depends on the position of the local, regional and central bodies of state power, and other state authorities. Frequently positions of different authorities on certain issues differ. The Company may conduct transactions on the terms that may be assessed as non-market by the tax bodies of Ukraine. Management believes that the Company adhered to all statutory regulations, and all taxes stipulated by legislation have been paid or accrued in full in the financial statements.

Capital commitments

As at 31 December 2015 and 31 December 2014 the Company did not have commitments on acquisition of property, plant and equipment and intangible assets.

Operating leases

The Company has entered into commercial property leases and vehicles leases. These leases have an average life of between three and five years with renewal option included in the contracts.

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

	Rental property		Transports rentals	
	2015	2014	2015	2014
No later than 1 year	4 862	3 161	9 457	5 827
Later than 1 year and no later than 5 years	7 858	1 212	4 281	5 270
Later than 5 years	-	-	-	-
Total	**14 720**	**4 373**	**13 738**	**11 097**

(in UAH thousand, unless otherwise stated)

24. Financial risk management

Company may occur to the following risks associated with the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In this note disclosed information about each of these risks, the Company's objectives, policies and methods of assessing and managing the risks. Additional information revealed through the financial statements.

Credit risk

Credit risk - the risk that counterparty will default its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments, which potentially can lead to concentrations of credit risk consist primarily of cash, the loans and receivables.

Credit risk arising from normal business activities of the Company, is controlled by each operating unit during the execution of the Company approved procedures for evaluating the reliability and solvency of each counterparty, including the collection. Monitoring of credit risk is done at the level of the Company in accordance with established guidelines and measurement methods in order to identify and monitor risks associated with contractors.

Some of the most of counterparties Company sells products in terms of delay. All customers to which Company sells its products in terms of delay, necessarily tested for their ability to pay.

The maximum exposure of credit risk is equal the carrying amounts of trade and other receivables (Note 12).

As at 31 December 2015 trade receivables the Company's one largest debtor was UAH 7 078 thousand, which is 97% of the total trade receivables (31 December 2014: Nil). Management determines the concentration as the ratio of accounts receivable of certain counterparties to all trade receivables.

Liquidity risk

The following table details the Company's contractual maturity of its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities including interest that will be accrued.

	Total	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**
Trade and other payables:					
As at 31 December 2015	72 307	1 109	64 544	6 654	-
As at 31 December 2014	35 981	-	35 981	-	-
	108 288	1 109	100 525	6 654	-

Currency risk

The sensitivity to the change in USD of the profit before tax:

	Amount of financial instrument	**Increase (decrease) in exchange rate, %**	**Effect on profit before tax**
Trade and other receivables		+50	-
		-5	-
Loans and borrowings		+50	-
		-5	-
Trade payables	(44 465)	+50	(22 233)
		-5	2 223
Cash and cash equivalents	181	+50	91
		-5	(9)
Total effect of change in exchange rate	**(44 284)**	**+50**	**(22 142)**
		-5	**2 214**

(in UAH thousand, unless otherwise stated)

24. Financial risk management (continedu)

The sensitivity to the change in EURO of the profit before tax:

	Amount of financial instrument	Increase (decrease) in exchange rate, %	Effect on profit before tax
Trade and other receivables		+50	-
		-5	-
Loans and borrowings		+50	-
		-5	-
Trade payables	(20 395)	+50	(10 198)
		-5	1 020
Cash and cash equivalents	1	+50	1
		-5	-
Total effect of change in exchange rate	**(20 394)**	**+50**	**(10 197)**
		-5	**1 020**

25. Events after the date of the statement of financial posation

Revision to Tax Code

On 24 December 2015 Parliament passed a Law On Amendments of the Tax Code of Ukraine and Some Other Legal Acts to Balance Budget Revenues (hereinafter – the "Law").

Corporate Profits Tax. The Law introduces quarterly reporting instead of yearly tax returns, except for newly registered taxpayers, agricultural producers, and for taxpayers whose previous year income before tax does not exceed UAH 20 million.

Value Added Tax ("VAT"). Major improvements have been introduced to the administration of the value added tax, specifically with respect to VAT credits and VAT refunds, and the elimination of certain requirements regarding VAT registration.

Social Security Contribution. The Law introduces significant changes into payroll taxation, specifically with regard to social security contributions, which should reduce the payroll tax burden on business and which should facilitate the legalization of salary payments in the shadow economy. Starting from 1 January 2016, individuals will be relieved of paying a portion of the source deductions from income. The Law also decreases the SSC burden on employers/income payers as well: a flat rate of 22% SSC shall be applied by employers/income payers instead of various rates.

There were no other significant subsequent events which affect the financial statements.