



**RANBAXY AUSTRALIA PTY LTD**  
**ABN 17 110 871 826**

**Financial Statements for the year ended 31 March 2016**



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**Ranbaxy Australia Pty Ltd**  
**Directors' report**  
**31 March 2016**

The directors present their report, together with the financial statements, on the company for the year ended 31 March 2016.

**Principal activities**

During the financial year the principal continuing activities of the company consisted of:

- The supply of pharmaceutical products.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The profit for the company after providing for income tax amounted to \$696,665 (31 March 2015: \$866,684).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 31 March 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Shares under option**

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of the company issued on the exercise of options during the year ended 31 March 2016 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Ranbaxy Australia Pty Ltd**  
**Directors' report**  
**31 March 2016**

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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Alexander Evans  
Director

26 April 2016



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**General information**

The financial statements cover Ranbaxy Australia Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Ranbaxy Australia Pty Ltd's functional and presentation currency.

Ranbaxy Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial statements.

**Ranbaxy Australia Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2016**

	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Revenue</b>	3	39,438,602	35,179,257
Other income	4	36,634	-
<b>Expenses</b>			
Cost of goods sold		(27,684,602)	(23,044,993)
Administration expenses		(1,417,886)	(1,703,781)
Distribution		(3,610,695)	(3,391,948)
Employee benefits expenses		(4,003,977)	(3,869,718)
Depreciation and amortisation expenses		(84,287)	(85,552)
Finance costs		(699,839)	(496,225)
Marketing expenses		(441,081)	(384,627)
Occupancy expenses		(161,701)	(155,825)
Pharmaceutical license fees		(332,472)	(927,677)
Other expenses		(342,031)	(252,227)
<b>Profit before income tax expense</b>		696,665	866,684
Income tax expense	5	-	-
<b>Profit after income tax expense for the year attributable to the owners of Ranbaxy Australia Pty Ltd</b>		696,665	866,684
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Ranbaxy Australia Pty Ltd</b>		<u>696,665</u>	<u>866,684</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Ranbaxy Australia Pty Ltd**  
**Statement of financial position**  
**As at 31 March 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,057,520	1,685,149
Trade and other receivables	7	4,137,121	4,473,953
Inventories	8	15,429,156	4,432,328
Other current assets	9	12,902	94,831
Total current assets		<u>20,636,699</u>	<u>10,686,261</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	46,023	127,956
Total non-current assets		<u>46,023</u>	<u>127,956</u>
<b>Total assets</b>		<u>20,682,722</u>	<u>10,814,217</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	13,556,737	5,220,289
Borrowings	12	22,845,538	22,845,538
Employee benefits	13	302,267	262,965
Provisions	14	148,447	118,450
Other current liabilities	15	1,301,650	549,855
Total current liabilities		<u>38,154,639</u>	<u>28,997,097</u>
<b>Non-current liabilities</b>			
Employee benefits	17	87,699	73,399
Total non-current liabilities		<u>87,699</u>	<u>73,399</u>
<b>Total liabilities</b>		<u>38,242,338</u>	<u>29,070,496</u>
<b>Net liabilities</b>		<u>(17,559,616)</u>	<u>(18,256,279)</u>
<b>Equity</b>			
Issued capital	18	9,200,000	9,200,000
Accumulated losses		<u>(26,759,616)</u>	<u>(27,456,279)</u>
<b>Total deficiency in equity</b>		<u>(17,559,616)</u>	<u>(18,256,279)</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Ranbaxy Australia Pty Ltd**  
**Statement of changes in equity**  
**For the year ended 31 March 2016**

	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total deficiency \$</b>
Balance at 1 April 2014	9,200,000	(28,322,963)	(19,122,963)
Profit after income tax expense for the year	-	866,684	866,684
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	866,684	866,684
Balance at 31 March 2015	<u>9,200,000</u>	<u>(27,456,279)</u>	<u>(18,256,279)</u>
Balance at 1 April 2015	9,200,000	(27,456,281)	(18,256,281)
Profit after income tax expense for the year	-	696,665	696,665
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	696,665	696,665
Balance at 31 March 2016	<u>9,200,000</u>	<u>(26,759,616)</u>	<u>(17,559,616)</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Ranbaxy Australia Pty Ltd**  
**Statement of cash flows**  
**For the year ended 31 March 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		40,612,292	40,457,025
Payments to suppliers and employees (inclusive of GST)		<u>(40,576,305)</u>	<u>(47,454,002)</u>
Interest received		38,577	4,235
Interest and other finance costs paid		<u>(699,839)</u>	<u>(231,000)</u>
Net cash used in operating activities		<u>(625,275)</u>	<u>(7,223,742)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	<u>(2,354)</u>	<u>(5,749)</u>
Net cash used in investing activities		<u>(2,354)</u>	<u>(5,749)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	6,077,149
Net cash from financing activities		<u>-</u>	<u>6,077,149</u>
Net decrease in cash and cash equivalents		(627,629)	(1,152,342)
Cash and cash equivalents at the beginning of the financial year		<u>1,685,149</u>	<u>2,837,491</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>1,057,520</u></u>	<u><u>1,685,149</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. Significant accounting policies**

Ranbaxy Australia Pty Ltd (the company) is a company incorporated and domiciled in Australia. The parent company is Ranbaxy Netherlands (RNBV), a company incorporated in Netherlands. During 2016 financial year, Sun Pharmaceuticals Ltd has taken over Ranbaxy globally and owned 100% Ranbaxy Netherlands.

The company is primarily involved in the supply of pharmaceutical products.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding as at 31 March 2016 the Company had a deficiency of net assets of \$17,559,614. (2015:\$18,256,281).

The ability of the Company to continue as going concern is dependent upon the ongoing financial support from its parent entity to the level required by the company to allow it to fulfil all obligations as and when they fall due for a period of no less than twelve months from the date of signing these financial statements. The reliance on the parent entity support gives rise to a material uncertainty which may affect the company's ability to continue as a going concern. The parent entity has confirmed in writing that it will provide ongoing financial support, including that it will not call for repayment outstanding balances at 31 March 2016, unless the Company is able to financially make such repayments without impairing its ability to conduct its normal business operations and pay other liabilities.

#### **Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Ranbaxy Australia Pty Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Ranbaxy Australia Pty Ltd.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Ranbaxy Australia Pty Ltd's functional and presentation currency.

**Note 1. Significant accounting policies (continued)**

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

**Note 1. Significant accounting policies (continued)**

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 60 days.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Inventories**

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase, net of rebates and discounts received or receivable.

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

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	33%
Furniture and Fittings	33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## **Note 1. Significant accounting policies (continued)**

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### **Provisions**

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

**Note 1. Significant accounting policies (continued)**

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

*Provision for impairment of inventories*

The provision is determined with regard to the expiry date of each stock item on hand at balance date. The provision was made for items that fall within the following expiry categories: shelf life less than six months from balance date, shelf life between six months and 12 months from balance date, discontinued, obsolete and shelf life less than 50% where life of product exceeds two years.

Commencing from 1 April 2015, the company has changed its accounting policy for the provision for obsolescence. The provision is only provided for items that have shelf life less than six months from the balance date and is calculated at 100% of the item's cost.

*Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Income tax*

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Note 3. Revenue**

	2016 \$	2015 \$
<i>Sales revenue</i>		
Sales	39,400,025	35,175,022
<i>Other revenue</i>		
Interest	38,577	4,235
Revenue	<u>39,438,602</u>	<u>35,179,257</u>

**Note 4. Other income**

Net foreign exchange gain	<u>36,634</u>	<u>-</u>
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**Note 5. Income tax expense**

*Numerical reconciliation of income tax expense and tax at the statutory rate*

Profit before income tax expense	696,665	866,684
Tax at the statutory tax rate of 30%	209,000	260,005
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent difference	6,611	2,263
	215,611	262,268
Prior year tax losses not recognised now recouped	<u>(215,611)</u>	<u>(262,268)</u>
Income tax expense	<u>-</u>	<u>-</u>

**Note 6. Current assets - cash and cash equivalents**

Cash at bank	<u>1,057,520</u>	<u>1,685,149</u>
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**Note 7. Current assets - trade and other receivables**

	2016 \$	2015 \$
Trade receivables	6,082,615	6,732,454
Less: Provision for customer rebates	<u>(2,583,704)</u>	<u>(2,266,172)</u>
	3,498,911	4,466,282
Other receivables	15,167	5,830
Other receivables - related parties	<u>623,043</u>	<u>1,841</u>
	638,210	7,671
	<u>4,137,121</u>	<u>4,473,953</u>

**Note 8. Current assets - inventories**

Finished goods - at cost	12,286,028	6,734,342
Less: Provision for impairment	<u>(614,888)</u>	<u>(2,782,769)</u>
	11,671,140	3,951,573
Stock in transit - at cost	<u>3,758,016</u>	<u>480,755</u>
	<u>15,429,156</u>	<u>4,432,328</u>

Provision for finished goods obsolescence

The provision is determined with regard to the expiry date of each stock item on hand at balance date. The provision was made for items that fall within the following expiry categories: shelf life less than six months from balance date, shelf life between six months and 12 months from balance date, discontinued, obsolete and shelf life less than 50% where life of product exceeds two years.

Commencing from 1 April 2015, the company has changed its accounting policy for the provision for obsolescence. The provision is only provided for items that have shelf life less than six months from the balance date and is calculated at 100% of the item's cost.

**Note 9. Current assets - other**

Prepayments	<u>12,902</u>	<u>94,831</u>
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**Note 10. Non-current assets - property, plant and equipment**

Fixtures and fittings - at cost	242,812	242,812
Less: Accumulated depreciation	<u>(233,047)</u>	<u>(199,103)</u>
	9,765	43,709
Office equipment - at cost	338,587	336,233
Less: Accumulated depreciation	<u>(302,329)</u>	<u>(251,986)</u>
	36,258	84,247
	<u>46,023</u>	<u>127,956</u>



**Ranbaxy Australia Pty Ltd**  
**Notes to the financial statements**  
**31 March 2016**

**Note 10. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Fixtures and fittings \$	Office equipment \$	Total \$
Balance at 1 April 2014	77,653	130,106	207,759
Additions	-	5,749	5,749
Depreciation expense	<u>(33,944)</u>	<u>(51,608)</u>	<u>(85,552)</u>
Balance at 31 March 2015	43,709	84,247	127,956
Additions	-	2,354	2,354
Depreciation expense	<u>(33,944)</u>	<u>(50,343)</u>	<u>(84,287)</u>
Balance at 31 March 2016	<u><u>9,765</u></u>	<u><u>36,258</u></u>	<u><u>46,023</u></u>

**Note 11. Current liabilities - trade and other payables**

	2016 \$	2015 \$
Trade payables	80,613	752,631
Payables to related parties	<u>13,476,124</u>	<u>4,467,658</u>
	<u><u>13,556,737</u></u>	<u><u>5,220,289</u></u>

**Note 12. Current liabilities - borrowings**

Inter-company loans	<u>22,845,538</u>	<u>22,845,538</u>
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**Note 13. Current liabilities - employee benefits**

Employee benefits	<u>302,267</u>	<u>262,965</u>
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**Note 14. Current liabilities - provisions**

Sales returns	<u>148,447</u>	<u>118,450</u>
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**Note 15. Current liabilities - other**

Accrued expenses	<u>1,301,650</u>	<u>549,855</u>
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**Ranbaxy Australia Pty Ltd**  
**Notes to the financial statements**  
**31 March 2016**

**Note 16. Non-current liabilities - borrowings**

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	2016 \$	2015 \$
Loan – Intercompany loans	<u>22,845,538</u>	<u>22,845,538</u>

*Assets pledged as security*

The bank overdraft and loans are secured by first mortgages over the company's land and buildings.

**Note 17. Non-current liabilities - employee benefits**

Employee benefits	<u>87,699</u>	<u>73,399</u>
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**Note 18. Equity - issued capital**

	2016 Shares	2015 Shares	2016 \$	2015 \$
Ordinary shares - fully paid	<u>9,200,000</u>	<u>9,200,000</u>	<u>9,200,000</u>	<u>9,200,000</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 19. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 20. Commitments**

*Lease commitments - operating*

Non-cancelled operating lease rentals are payable as follows:

Within one year	40,800	271,246
One to five years	-	68,114
	<u>40,800</u>	<u>339,360</u>

**Note 21. Economic dependency**

Ranbaxy Australia Pty Ltd is economically dependent on the related party, Sun Pharma Industries Ltd., to provide inventory and is also dependent on Ranbaxy (Netherlands) B.V for financial support to continue its operation.

**Note 22. Events after the reporting period**

No matter or circumstance has arisen since 31 March 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Ranbaxy Australia Pty Ltd**  
**Directors' declaration**  
**31 March 2016**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Ranbaxy Australia Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 March 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

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Alexander Evans  
Director

26 April 2016

**RANBAXY AUSTRALIA PTY LTD**  
**ABN 17 110 871 826**

**INDEPENDENT AUDIT REPORT  
TO THE MEMBER OF  
RANBAXY AUSTRALIA PTY LTD**

We have audited the accompanying financial statements of Ranbaxy Australia Pty Ltd (the company) which comprises the statement of financial position as at 31 March 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2016, a summary of significant accounting policies and other explanatory notes and the director's declaration.

*Director's Responsibility for the Financial Statements*

The director of the company is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the director also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial statements, comprising the financial statements and notes, complies with IFRS.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

