Ranbaxy Farmacêutica Ltda.

Financial statements on March 31, 2015 and March 2014

Content

Independent auditors’ report about financial statements

To
Administrators of
Ranbaxy Farmacêutica Ltda.
São Paulo - SP

We examined the financial statements of Ranbaxy Farmacêutica Ltda. (“Company”), which comprise the balance sheet in March 31, 2014 and the related income and comprehensive income, changes in equity and cash flow statements for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Responsibility of the management for the financial statements
The management of the Company is responsible for the preparation and appropriate presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for internal control determined by the management as necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit conducted in accordance with Brazilian and international standards on auditing. Those standards require compliance of auditors with ethical requirements and the audit to be planned and performed aiming to obtain reasonable assurance on whether the financial statements are free of relevant misstatement.

An audit involves performing procedures to obtain evidence regarding the values and releases in financial statements. The procedures selected depend on the auditor's judgment, including the risk assessment of material misstatement in financial statements, whether due to fraud or error. In this risk assessment, the auditor considers relevant internal controls to the preparation and fair presentation of the financial statements of the Company for planning audit procedures that are appropriate in the circumstances, but not with the purpose of expressing an opinion on the effectiveness of Company internal controls. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements taken as a whole.

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

Opinion

In our opinion, the aforementioned financial statements properly present, in all material respects, the financial position of Ranbaxy Farmacêutica Ltda. on March 31, 2015, the performance of its operations and its cash flows for the year ended that date, in accordance with accounting practices adopted in Brazil.

Other subjects

As noted in Note 12 to the financial statements, the Company keeps relationship and transactions in amounts considered significant with related parties.

São Paulo, May 15, 2015

KPMG Auditores Independentes
CRC 2SP014428/O-6

Marcos Miola Montesani
Accountant CRC 1SP216003/O-2

Explanatory Notes to the financial statements

(In thousands of Reais)

1 Operational context

Ranbaxy Farmacêutica Ltda. (“Ranbaxy”) is an entity located in Rio de Janeiro state, and has its administration department in São Paulo state. It was incorporated in October 22, 1993, and having India as a country of origin. The Company’s administration department is in Avenida Maria Coelho Aguiar, 215,8º Andar, bloco A, Jardim São Luiz, Santo Amaro, São Paulo. The financial statements for the year ended March 31, 2015 comprise only Ranbaxy Brazil, of which the main object is: to manufacture, import, distribute and sell pharmaceutical products.

2 Basis of preparation

a. Declaration of compliance with the standards of the Accounting Pronouncements Committee (CPC)

The financial statements have been prepared pursuant to the accounting practices adopted in Brazil in line with the Standards and Interpretations issued by the Accounting Pronouncements Committee ("CPC")

The issuance of the financial statements was authorized by the board of directors on April 17, 2015.

b. Basis of measurement

The financial statements have been prepared based on the historical cost, except for financial instruments measured at fair value through the earnings.

c. Functional currency

These financial statements are presented in Brazilian Real, which is the functional currency of the Company. All financial information presented in Real was rounded to the nearest thousands, except when otherwise indicated.

d. Use of estimates and judgments

The preparation of financial statements in accordance with CPC standards requires the Company Administration Department to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual earnings may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimates that has a significant risk of resulting in a material adjustment within the next financial years is included in the following notes:

- Note 7 - Allowance for doubtful debts
- Note 8 - Allowance for inventory obsolescence
- Note 9 - Current tax asset
- Note 10 – Depreciation of the fixed asset
- Note 14 – Contingency fund

3 Main accounting policies

The accounting policies described in detail below have been consistently applied to all periods presented in these financial statements. The financial statements have been prepared in accordance with accounting practices adopted in Brazil, which include the Corporate Law, Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee - CPC and rulings issued by the Federal Accounting Council (CFC).

a. Calculation of earnings

Result of operations is determined in accordance with the accrual accounting for the year.

Operating income from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. Operating revenue is recognized when there is convincing evidence that the most significant risks and rewards of ownership of the goods have been transferred to the buyer, the probability of economic and financial benefits will flow to the entity, the associated costs and possible return of goods can be reliably estimated, having no continuing involvement with the assets sold and the amount of revenue can be reliably measured.

b. Transactions in foreign currency

Foreign currency transactions are converted into the functional currency of the Company at the exchange rates on the transaction dates. Monetary assets and liabilities denominated and calculated in foreign currencies on presentation date are reconverted to the functional currency at the exchange rate at that date. The foreign currency gain or loss in monetary items is the difference between amortized cost of the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured by fair value are reconverted to the functional currency at the exchange rate on the date when the fair value was determined. The foreign currency differences arising on reconversion are recognized in the earnings, except for differences arising on retranslation of financial instruments available for sale. Non monetary items that are measured in terms of historical cost in a foreign currency are converted using the exchange rate at the transaction date.

c. Financial instruments

Non-derivative financial instruments include accounts receivable and other receivable, cash and equivalent cash, loans, as well as accounts payable and other debts.

- ***Non derivative financial assets and liabilities***
  The Company initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the trade date on which they become a party to the contractual allowances of the instrument.

  The Company no longer recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when they transfer the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of financial asset are transferred. An eventual participation created or retained in financial assets is recognized as a separate asset or liability.

  The Company has the following non derivative financial assets: financial assets registered by the fair value through the income and receivable.

- ***Financial assets registered at fair value through result***
  A financial asset is classified at fair value through earnings if it is classified as held for trading and is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and make decisions to buy and sell based on their fair values in accordance with a documented risk management and investment strategy. Transaction costs, after initial recognition, are recognized in the income statement as incurred. Financial assets at fair value through income are measured at fair value and changes in fair value of these assets are recognized in the income statement.

- ***Receivable***
  Receivables are financial assets with fixed or determinable payments that are not quoted in the active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, receivables are measured at amortized cost using the effective interest method, decreased by any loss on the recoverable value. The receivables include other credits.

  Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, having the legal right to offset the amounts and intending to settle on a net basis or simultaneously realize the asset and settle the liability.

- ***Non derivative financial liabilities***
  The Company recognizes debt securities originally issued on the date that they are originated. All other financial liabilities (including liabilities designated by the fair value at income) are initially recognized on the trade date on which they become a party to the contractual allowances of the instrument. Company writes off a financial liability when its contractual obligations are discharged, canceled or expired. The Company uses the settlement date as the accounting criteria.

  The Company has the following non-derivative financial liabilities: national suppliers, current tax liability, wages and vacation payables and other payables.

Such financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured by the amortized cost using the effective interest method cost.

- ***Derivative financial assets and liabilities***
  The Company has not transacted or opened on March 31,2015 and on March 31,2014, transactions with derivative financial instruments.

d. Current and non-current assets

- ***Cash and cash equivalents***
  Cash and cash equivalents comprise cash balances and financial investments with original maturities of three months or less from the date of hire. Limits of overdrafts from banks that have to be paid on demand and form an integral part of cash management are included as a component of cash for purposes of the cash flows statement.

- ***Accounts receivable from clients***
  Accounts receivable from clients correspond to receivable amounts from clients from sales of products and goods or services in the normal course of business of the Company. If the deadline for receipt is equivalent to one year or less (or other in the normal operating cycle of the Company), the receivables are classified as current assets. Otherwise, they are presented as noncurrent assets.

  Accounts receivable from clients are initially recorded at the invoiced amount, including direct taxes for the Company's liability, less withholding taxes, which are considered tax credits.

  The allowance for doubtful credits was constituted in an amount considered by the Administration as sufficient to cover possible losses on loans.
  As provided in CPC 12, this value adjustment was not recorded due to it does not have a material effect on the financial statements.

- ***Inventories***
  The inventories are stated based on the historical cost of acquisition and production, plus expenses for transport, storage and non-recoverable taxes. In the case of manufactured, in process and finished goods, the inventory includes general manufacturing expenses based on normal operating capacity. The cost is determined on mobile weighted average cost. The values of on book inventories do not exceed the net realizable value. The net realizable value, which is the estimated selling price in the ordinary course of business, minus the estimated costs of completion and those necessary to make the sale.

e. Capital asset

- ***Recognition and measurement***

  Items of the asset are measured by historical cost of acquisition or construction, deducted by accumulated depreciation and accumulated losses due to impairment, if applicable.

  Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of assets constructed by the entity includes the cost of materials and direct labor, any other costs to bring the asset to the necessary location and condition for them to be capable of operating in the manner intended by administration, the costs of dismantling and restoring the site on which these assets are located.

  The third-party property fixtures are amortized over the period of the relevant lease agreement.

  The purchased software that is integral to the functionality of equipment is capitalized as part of that equipment.

  Gains and losses on disposal of an item of asset are determined by comparing the resources from disposal with the book value of the asset and are recognized as net within other income in the earnings.

  Other expenditure is capitalized only when it increases the future economic benefits of the asset item. All other expenditure is recognized as an expense when incurred.

- ***Subsequent costs***

  The replacement cost of a component of the asset is recognized in the book value of the item if it is probable that the economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The book value of the component that is replaced is written off. Daily maintenance costs are recognized in income as incurred.

- ***Depreciation***

  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, deduced by its residual value.

  Depreciation is recognized in profit based on the straight-line method over the estimated useful lives of each part of an item of asset, since this is the method that most closely reflects the pattern of consumption of future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives are as follows:

	Years
Machinery and equipment	10
Furniture and fixtures	10
Computer equipment	5
Vehicles	5
Third-party property fixtures	5

The depreciation methods and residual values are reviewed at each financial year and any adjustments are recognized as changes in accounting estimates.

f. Current and non-current liabilities

The current and non-current liabilities are stated at known or estimated accrued, where applicable the corresponding charges, monetary and/or exchange variations incurred up to the balance sheet date.

g. Short-term benefits to employees

Obligations of short-term benefits to employees are measured on an undiscounted basis and are expensed as the related service is provided.

The liability is recognized by the value expected to be paid under the cash bonus plans or profit sharing short-term value if the Company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

h. Allowances

An allowance is recognized in the balance sheet when the Company has an obligation or as a result of a past event and it is probable that economic benefits will be required to settle the obligation. Allowances are recorded based on the best estimates of the risk involved.

i. Income tax and social contribution

Income tax and social contribution of current and deferred year are calculated based on the rates of 15% plus a surcharge of 10% on the excess taxable income of R$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax losses and negative basis of social contribution limited to 30% of taxable income.

Current tax is the expected payable or receivable tax on the taxable income or loss for the year, the taxes enacted or substantively enacted at the reporting date of the financial statements and any adjustment to tax payable in respect of previous years.

The Company recognizes Income Tax and Social Contribution tax assets on tax losses and negative basis of social contribution, and also on existing temporary differences between the tax bases of assets and liabilities and their carrying values. Income Tax and Social Contribution tax assets are recognized based on the expectation of future taxable profits. Deferred tax is measured at the tax rates expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date of the financial statements.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to compensate current tax liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity.

Active Income and deferred social contribution taxes are reviewed at each reporting date and are reduced as its realization is not likely.

The Company, to determine the taxable profits and its effects on the financial statements, considered the adoption of the Transitional Tax Regime (RTT), as determined in MP nº. 449/08 (Law nº 11,941/09) and this choice was confirmed when delivery of Information Statement of Income Tax Return (DIPJ) of the 2010 calendar year.

j. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been adopted in preparing these financial statements. Those, which may be relevant to the group, are mentioned below. The Group does not plan to adopt these standards in advance.

IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for classifying and measuring financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on a business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional modifications in relation to financial liabilities. The IASB currently has an active project to undertake limited to classification and measurement requirements of IFRS 9 changes and add new requirements to address the loss on impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1st, 2015. Adoption of IFRS 9 (2010) should have any impact on the Group's financial assets, but no impact on the financial liabilities of the Group.

The Accounting Pronouncements Committee has not yet issued an accounting pronouncement or modification of this standard in existing pronouncements. The company does not expect to adopt these pronouncements early.

4 Financial risk management

Overview

The Company presents exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Structure of risk management

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Policies and risk management systems are frequently revised to reflect changes in market conditions and Company's activities. The Company, through its policies and procedures for training and management, aims to develop an environment of disciplined and constructive control, in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss from the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arising primarily from the Company's receivables from customers and investment securities.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company's approach to managing liquidity is to ensure, as much as possible, always having enough liquidity to meet its obligations to their due, under normal and stress conditions, without causing unacceptable losses or risk the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and stock prices, present to the income of the Company or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is subject to currency risk on sales, purchases and loans denominated in a currency other than the respective functional currency Real (R$). The currencies in which these transactions are denominated are mainly: USD and Euro. There is currently no relevant exposure in currencies other than their functional since there is equivalence between the volumes of inflows and outflows of foreign currency amounts. Therefore, the Company does not make any kind of financial transaction, which aims to decrease these exposures, such as currency *hedge.*

Operational risk

Operational risks may represent direct or indirect losses arising from all operations of the group associated with processes, persons, technology and infrastructure of the Company and also on external factors, except those of credit risk, market and liquidity.

The Company's objective is to manage operational risk to prevent the occurrence of financial losses and damage to the reputation of the Company.

The Company has adopted initiatives for risk management in the following areas:

- Compliance with regulatory and legal requirements;
- Control and procedure documents;
- Development of contingence plans;
- Training and professional development;
- Ethical and moral standards through code of conduct;
- Mitigation of risks through insurance plans.

The aforementioned measures are analyzed and monitored by the departments of Compliance, Legal, Regulatory Affairs and the Executive Committee of the Company.

5 Cash and cash equivalents

	03/31/2015	**03/31/2014**
Cash and banks	2.967	962
Deposits in cash	68	180
	3.035	1.142

The amounts recorded as deposits in cash - are remunerated at rates ranging between 30% and 35% per month of the Interbank Deposit Certificate - CDI for the period they remain stationary in the account, without any withdrawal or movement restriction.

6 Other investments

	03/31/2015	03/31/2014
Other investments	7.639	1.180

The amounts recorded as other investments are subject to interest and classified as available for sale with a carrying value of R$ 1,180 in March 31, 2015, and have fixed interest rates of 100% to 102% of the Interbank Deposit Certificate - CDI for a maximum period of 36 months, with 30 days restriction for withdrawal or movement.

7 Accounts receivable from customers

	03/31/2015	03/31/2014
In country	19.514	16.412
(-) Allowance for doubtful credits	(3.521)	(3.601)
Total current	15.993	12.811

The following table summarizes the amounts receivable in the country by maturity:

	03/31/2015	03/31/2014
Credits due	15.890	12.439
Overdue credits:		
From 01 to 30 days	7	77
From 31 to 60 days	7	38
From 61 to 90 days	2	0
From 91 to 180 days	63	0
Over 181 days	3.545	3.858
Total	19.514	16.412

The losses on the realization of accounts receivable are recognized in the earnings of the year, according to criteria established by the Administration. According to internal procedures, receivables will be allowanced when over 365 days and or when there is certainty that the values will not be received.

8 Inventory

	03/31/2015	03/31/2014
Finished products	8.739	6.631
Packing and consumable materials	23	345
Drugs for Bioequivalence	1	1
Imports in transit	11.280	1.266
	20.043	8.243

Certain items considered obsolete or slow-moving, were subject to an allowance for inventory obsolescence.

A Changes in allowance

	03/31/2014		03/31/2015		
	Initial balance	Addition to allowance	Write-off Rejected	Write-off Validity	**Final balance**
Allowance Obsolescence of Inventories	**764**	1.526	(7)	(698)	1.585
	764	1.526	(7)	(698)	1.585

	Overdue	0-6 Months	7-12 Months	13-24 Month	Rejected	Total
Accrued value	303	335	902	3	42	1.585

9 Current Fiscal Asset

	03/31/2015	03/31/2014
ICMS Recoverable	1.862	1.175
ICMS on Fixed Asset	101	170
IRPJ Recoverable	1.369	1.346
CSSL Recoverable	518	478
IRF Recoverable	156	121
Others		-
	4.006	3.290

The amounts recorded as IRPJ and CSSL were advances made to RFB and are included in the Annual statement setting.

10 Fixed

	Machinery and equipment	Furniture and accessories	Vehicles	Advance for acquisition of fixed assets	Total
Cost					
Balance at March 31, 2014	6,161	6,147	1,848	47	14,203
Additions	11,002	122	80	20	547
Disposals and write-offs	(1)	(14)	(173)		(219)
Transfers	46	47		(47)	0
Balance at March 31, 2015	6,161	6.302	1.755	20	14.531
Depreciation					
Balance at March 31, 2014	(3.753)	(2.070)	(1.038)	-	(6.861)
Additions	(495)	(768)	(272)	-	(1.535)
Disposals and write-offs	31	11	166	-	208
Balance at March 31, 2014	(4.217)	(2.827)	(1.144)	-	(8.188)

Loss by impairment of assets					
Balance at March 31, 2014	(13)	(6)	(1)	-	(20)
Additions	13	6	1		20
Disposals and write-offs	-	-	-		-
Balance at March 31, 2015	-	-	-		-
Book value					
Balance at March 31, 2014.	2.395	4.071	809	47	7.322
Balance at March 31, 2015.	2.237	3.475	611	20	6.343

See the assets provided as collateral proceeding pending in court in Note 15.

11 Suppliers

	03/31/2015	**03/31/2014**
Foreign related parties	7.849	26,550
Advances received (client)	2	0
Imports in process	10.680	1,266
Total	18.531	27,816

Transactions performed with related parties are carried out in the normal course of its operations in accordance with specific prices agreed between the parties. On March 31, 2015 and on March 31, 2014, the main transactions and outstanding balances with related parties are as follows:

	03/31/2014		**03/31/2015**		**Balances**			
					03/31/2014	**03/31/2015**	**03/31/2014**	**03/31/2015**
	Transactions/ Earnings		**Transactions/ Earnings**		**Assets Total**	**Assets Total**	**Liabilities Total**	**Liabilities Total**
	Acquisitions transaction	**Interest loan**	**Acquisitions**	**Interest loan**	**Value**	**Value**	**Value**	**Value**
Ranbaxy Labs Ltd.								
Finished Goods	27.677	-	33.193	-	255	596	27.816	18.531
Sub Total	**27.677**	**-**	**33.193**	**-**	**255**	**596**	**27.816**	**18.531**
Ranbaxy Neitherlands								
Principal	-	-		-	-	-	11.315	64.160
Interest	-	202		602	-	-	30	303
	(638)	(801)		-	-	-	-	-
SubTotal								
	(638)	**(599)**		**(602)**	**-**	**-**	**11.345**	**64.463**
Total								

Transactions with related parties include credit notes receivable, supply of raw materials and loans US 5.000 e US 15.000, interest updated with libor 6 M, maturity on 26/08/2015 and 22/01/2017 subsequently.

Expenses relating to the compensation of key Administration personnel (directors), which were recorded in income for the year ended on March 31, 2015 and on March 31, 2014, were R$ 1.483 and R$ 1,684, respectively, relating to short-term benefits .

12 Taxes and contributions payable

	03/31/2015	03/31/2014
ICMS	226	58
Income tax withheld at source	250	103
INSS	311	189
Pis and Cofins	107	48
Others	81	6
Total	975	404

13 Other allowance

	03/31/2015	03/31/2014
Sales on commission payable	1.170	497
Bonus payable to employees	61	752
Marketing efforts payable	247	-
Administrative services payable	168	351
Penalty on supply contract	233	233
Warehouse and freight expenses	402	-
Replacement of logistics operations (a)	705	850
	2.986	2.683

(a) The Company uses the stocks of the largest distributors in the country to meet the delivery of goods from negotiations executed with independent pharmacies and pharmacy chains with decentralized delivery, and these negotiations made by Ranbaxy's sales force. As a way of compensating to distributors, the Company pays the relevant amount to Logistic Operation, ranging from 5% to 10% on these outflow operations. Reimbursements are made through subsidies or additional goods and trade discounts. The aforementioned value refers to the cost of logistics operations that are pending hits on March 31, 2015.

14 Allowance for Contingencies

The Company is a party (defendants) in lawsuits and administrative lawsuits before various courts and government agencies, in the normal course of operations, involving tax, labor, civil and other matters.

The Administration, based on information from its legal counsel, pending lawsuit assessments and, as to labor lawsuits, based on previous experience on the amounts claimed, made a provision for amounts considered sufficient to cover probable losses estimated from claims in course, as follows:

	03/31/2015			03/31/2014
	Allowance	**Judicial deposit**	**Liquid**	**Liquid**
Labor	2.718	245	2.473	**2.401**
Civil	1.167	569	598	**548**
	3.885	814	3.071	**2.949**

k. Handling processes in the performance

	03/31/2014	03/31/2015			
	Gross Initial Balance	**Addition to allowance**	**Write-off**	**Judicial deposit**	**Net Final Balance**
Labor	**2.486**	323	91	245	2.473
Civil	**1.054**	195	82	569	598
	3.540	518	173	814	3.071

There are other processes assessed by legal counsel as possible or remote risk, the amount of R$ 10.744 for which no allowance was made because the accounting practices adopted in Brazil do not require accounting.

a. Summary of labor processes

On March 31, 2015, the Company owned 34 cases of labor claims. According to legal counsel, 13 cases are classified as probable losses, and other 21 cases as remote or possible risk of loss. The estimated loss performed is in line with the opinion of the assessors, and it is duly updated its interest and taxes.

b. Overview of civil lawsuits

On March 31, 2015, the Company owned 42 cases of complaints involving issues of ANVISA and consumer complaints. According to our legal counsel, 26 cases were classified as probable loss, and another 16 cases classified as remote or possible risk of loss. The estimated loss performed is in line with the opinion of the assessors, and it is duly updated its interest and taxes.

On March 31, 2015, the Company owned 1 case of legal claims involving breach of commercial contract. According to our legal advisors, only this case was classified as probable loss, considering that over the contractual business relationship, issues were not observed. The estimated loss performed is in line with the opinion of the assessors, and it is duly updated its interest and taxes.

15 Social Capital

The social capital consists of 14,971,089 shares, and 12,482,664 shares of "Class A" on the nominal value of R$ 1.00 each and 488,425 shares of "Class B" at nominal value of R$10.00 each, according to the 40th amendment of the social contract dated of March 14, 2014, which are distributed as follows:

Quota holder	**Quotas**	**R$**
Ranbaxy (Netherlands) B.V. - Class A	12,482,663	12,483
Ranbaxy (Netherlands) B.V. - Class B	488,425	4,884
Ranbaxy Holdings UK Limited	1	-
	14,971,089	17,367

On March 31, 2015 the foreign capital registered in the Central Bank of Brazil, the basis for the remittance of dividends and repatriation of capital, was a total of R$ 17,367 (equivalent to US$ 12,467).

16 Revenue

	03/31/2015	**03/31/2014**
Resale of goods	63.600	72.583
Resale of Samples for Bioequivalence	28	69
Services	618	938
Gross sales revenue	64,246	73.590
Taxes on sales and resales	(4.899)	(5.881)
Returns	(1.774)	(1.277)
(-) Deductions from sales	(6.673)	(7.158)
Operating revenue	57.573	66.432

The Company's sales in the domestic market are currently directed to distributors, pharmacy chains, government agencies and hospital distributors.

17 Selling expenses

	03/31/2015	03/31/2014
Sales Commissions (a)	6.024	6.417
Promotional Campaigns	659	871
Promotional Material	573	592
Conferences and Events	-	739
Market Research Services	588	525
Bonus Incentive on sales	318	377
Other promotional expenses	300	479
	8,462	10,000

(a) Company's sales force consists only of outsourced sales representatives, legal entity, duly registered by the Regional Councils of Sales Representatives, and they are paid through the primary and secondary sales.

(b)

18 Administrative and general expenses

	03/31/2014	12/31/2012
Staff	11.170	13.536
Equipment Maintenance	725	815
Expenses with Rent	917	886
Labor contingencies (b)	361	3.628
Travel Expenses	534	871
Services	2.458	2.641
Other administrative expenses	748	1.987
Regulatory (a)	1.712	1.867
Quality Control	871	1.056
Taxes and Fees	362	295
Depreciation and Amortization	1.676	2.073
	21.534	29,655

(a) The regulatory costs are linked to ANVISA - Regulatory Agency for Sanitary Surveillance in Brazil, which consist of expenses with approvals of Registration of drugs, Inspection in Manufacturing Units and bioequivalence tests.

(b) The contingences presented in lawsuits, from labor claims of 2004, by sales representatives of different states.

19 Financial Results

	03/31/2015	03/31/2014
Financial expenses		
Interests	(602)	(206)
Foreign exchange losses	(19.724)	(3.153)
Other	(171)	(136)
	(20.497)	(3.495)
Financial income		
Interests	178	350
Interest without financial application	395	108
Discounts received Intercompany	-	801

Other	473	652
	1.046	1.911

20 Deferred tax assets

Deferred income tax and social contribution had been recorded to reflect the future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying values. The Administration considered that the deferred tax assets arising from temporary differences would be realized upon the ultimate resolution of contingencies and events.

The Company, based on a technical study approved by management on a low estimate of future taxable income, decided on December 31, 2013, to reverse the tax credits that had been recognized up to 2012.

Income tax and social contribution taxes had the following origin:

	03/31/2015	**03/31/2014**
Loss before Income tax	(13.629)	(11.934)
(-) Additions (temporary differences)	(10,157)	(7.769)
(+) Exclusion (temporary differences)	19,425	8.491
Taxable losses	(4,361)	(11.212)
	34%	34%
Deferred tax on taxable losses	-	4.784
Reversal of Deferred taxes	(1,482)	(12.373)

21 Financial instruments

The Company has financial instruments. These financial instruments are managed through operating strategies and internal controls aiming to ensure liquidity, profitability and security. Hiring of financial instruments for the purpose of financial protection, where applicable, is performed through a regular review of the risk exposure that management intends to cover (mainly exchange) which is approved by Management to the operation of the presented strategy. The control policy consists of permanent monitoring of the contracted conditions versus current market conditions.

Company does not engage in speculative investments, in derivatives or any other risk assets. The results from these operations are consistent with the policies and strategies defined by the Company's administration.

All transactions with financial instruments are recognized in the financial statements of the Company.

Below there is additional quantitative information concerning risks from the use of financial instruments:

- **Credit risk**

Arises from the possibility of the Company incurring losses due to the default of their counterparties or financial institutions where resources or financial investments are deposited. To mitigate these risks, the Company adopts the practice of analyzing the financial and equity situation of their counterparties, as well as setting credit limits and continuous monitoring of open positions. With regard to financial institutions, the Company enters into transactions only with low risk financial institutions, assessed by rating agencies.

The book value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	Book value	
	03/31/2015	**03/31/2014**
Receivable	19.514	16.412
Cash and cash equivalents	3.035	1.142
Other investments	7.639	1.180
Total	30.188	18.734

The expiration of receivables granted on the date of the financial statements was:

	Book value	
	03/31/2015	**03/31/2014**
Credits due	15.890	12.439
Overdue credits		
From 01 to 30 days	7	77
From 31 to 60 days	7	38
From 61 to 90 days	2	-
From 91 to 180 days	63	-
Over 181 days	3.545	3.858
Total	19.514	16.412

The movement in the allowance for doubtful credits related to receivables during the year was as follows:

	Doubtful credits
Balance on March 31, 2014	3,601
Allowance made during the period	
Recoveries during the period	(80)

Balance on March 31, 2014	3,521

Most of the allowance for doubtful credits is related to customers in judicial recovery.

- **Liquidity risks**

The book value of financial liabilities is the liquidity exposure. The liquidity exposure risk on the date of the financial statements was:

	03/31/2015	**03/31/2014**
Suppliers	18.531	27.816
Advances received (Client)	-	-
Loan	64.463	11.345
Taxes and Other Payables	2.307	1.779
Total	85.301	40.940

The expiration of the financial liabilities granted on the date of the financial statements was:

	Book value	**Overdue up to 6 months**	**6 months or less**	**6 - 12 months**
Suppliers	18.531	-	5.916	12.615
Taxes and Other Payables	2.307	-	2.307	-
Loan	64.463	-	16.343	48.120
Total	85.301	-	24.566	60.735

- **Currency risk**

The exposure of the Company to foreign currency risk was as follows - based on nominal values:

	03/31/2015	**03/31/2014**
	USD	**USD**
Advances received (related parties)	-	-
Suppliers	5.776	12.282
Loans	20.095	5.000
	25.871	17.282

The following exchange rates were applied during the year:

Average rate		**Closing rate at the date of financial statements**	
31/03/2015	**31/03/2014**	**31/03/2015**	**31/03/2014**
2,4765	2,1287	3,2080	2,2624

Sensitivity analysis of rate

The Company has liabilities linked to foreign currency in the balance of March 31, 2015 and for the purposes of sensitivity analysis, adopted as a likely scenario the rate of R$ 3,0000 to possible scenario, the rate used was R$ 3,3000 considering the increase of 10%, and for remote scenario, rate of R $ 3,7950 considering an increase of 15%.

Thus, the table below shows the simulation of the effect of exchange rate changes on future earnings:

	Scenarios		
Currency risk	**Probable**	**Possible**	**Remote**
Scenarios and price levels	3,00	3,30	3,7950
Passive position	77.613	85.374	98.180
Total net effect	-	7.761	12.806

- ## Fair value

Financial assets recorded at fair value through earning are measured at fair value and changes in fair value of these assets are recognized in the income statement.

Derivative financial instruments

The Company does not hold derivative financial instruments.

"Non-derivative" financial instruments

All "non-derivative" financial instruments (including those designated at fair value through earning) are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial investments - Financial investments refer mainly to bank certificates of deposit and fixed income funds, beared at rates from 95% to 99% of the Interbank Deposit Certificate - CDI, being presented at their fair value given the classification of fair value through earning, as shown above.

CPC 38 - Financial Instruments: Recognition and Measurement establishes a three-level hierarchy for fair value, which prioritizes information when measuring the fair value of the Company to maximize the use of observable information and minimize the use of unobservable information. CPC 38 describes the three levels of information to be used in measuring fair value:

- **Level 1** - Negotiated prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** - Other available information, except Level 1, where the quoted prices (unadjusted) are for similar assets and liabilities, in non-active markets, or other information that is available and can be used indirectly (derived from prices).
- **Level 3** - Unavailable information due to little or no market activity and that is significant for the definition of fair value of assets and liabilities.

The process of measuring the fair value of financial instruments of the Company is classified as Level 2.

- ## Derivative financial instruments

On March 31, 2014 the Company had no pending commitments or duties on swap contracts or hedge transactions. The Company does not engage in speculative investments in derivatives or any other risk assets.

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Atul Dhingra President	Walter Wiesmueller Coelho Filho CFO

Carlos Alberto Almeida
Accountant CRC-RJ 103.509/0-1