«Ranbaxy Pharmaceuticals Ukraine» LLC

Financial Statements prepared

on the principals of IFRS

For the year ended on 31 December 2013

Together with independent Auditors' report

CONTENTS

FINANCIAL STATEMENTS

as at December 31, 2013 for the year ended on the mentioned date

(in thousands of Hryvnia)

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The statement set forth below which should be considered in combination with the independent auditor's responsibilities description presented in the Independent Auditor's Report on pages 4 and 5 is made in order to segregate the responsibilities of management and that of the mentioned independent auditor in respect of the financial statements of «Ranbaxy Pharmaceuticals Ukraine» LLC (hereinafter referred to as the Company).

The Company's management is responsible for the preparation of the accompanying financial statements (hereinafter referred to as the financial statements) presenting fairly, in all material respects, the financial position of the Company as at December 31, 2013, its comprehensive profit and loss, and the cash flows and changes in equity for the year ended on the mentioned date, in accordance with the International Financial Reporting Standards (hereinafter referred to as IFRS), except for inconsistencies with IFRS as described in the report.

While preparing the financial statements, management is responsible for:

- Selection of appropriate accounting principles and their consistent application;
- Use of reasoned judgments and assumptions;
- Compliance with relevant IFRS and disclosure of all material deviations in Notes to the financial statements;
- Preparation of the financial statements based on the assumption that the Company will continue as a going concern, except for cases when such assumption is improper.

The Company's management is also responsible for:

- Designing, implementing and maintaining an efficient and reliable internal control system in the Company;
- Ensuring that the Company keeps the system of accounting records which enables to prepare information about the Company's financial position at any moment with a sufficient degree of accuracy and also ensuring that the financial statements comply with IFRS requirements;
- Taking such steps as are reasonably available to it to safeguard the Company's assets;
- Preventing and detecting the facts of fraud and other irregularities.

The financial statements of the Company for the year ended December 31, 2013 was approved on April 11, 2014.

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC I.A. Poltieva

April 11, 2014

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

INDEPENDENT AUDITORS' REPORT

To the management and shareholders of LLC Ranbaxy Pharmaceuticals Ukraine

Opinion on the financial statements

We have audited the accompanying financial statements of LLC Ranbaxy Pharmaceuticals Ukraine (further – the Company), (code EDRPOU 38265984; location: legal and factual address: 175 Kharkivske Road, Kyiv, 02121, the date of state registration: 13.06.2012),including the statement of financial position as of 31 December 2013, statement of comprehensive income, statement of cash flow and statement of changes in equity for the year then ended, including the description of significant accounting principles and other notes, prepared in accordance with International Financial Reporting Standards (further – the financial statements).

Management's Responsibility for the financial statements

Management is responsible for the preparation of these financial statements, which are prepared in accordance with International Financial Reporting Standards. Management is responsible for such internal controls as it determines is necessary to enable the preparation of financial statements are free from material misstatements, 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 reports are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial reports. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial reports, 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 reports 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 management, as well as evaluating the overall presentation of the financial reports.

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

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

Matters that affect our opinion

We did not observe the stock-taking of inventories amounting to 51,725 thous. UAH and 57,347 thous. UAH as at 1 January 2013 and 31 December 2013 respectively, since we were appointed as the Company auditors after that date. Due to the nature of the accounting documentation we were not able to ascertain as to the quantity of inventories as at those dates and respective expenses charged to the financial results of the year ended 31 December 2013, applying alternative audit procedures.

More to that, we did not perform audit procedures as to the data of the 2012 statement of comprehensive income. As such, we were unable to determine whether there was a necessity to adjust the reported amounts and the possible impact of such adjustments on the financial results of the current reporting period and at the balances as at 01.01.2013.

Qualified opinion

In our opinion, except for the effect on the financial statements of the matters set out in the preceding paragraph, the financial statements as at 31.12.2013 year and for the year ended on that date, prepared in all material respects, in accordance with IFRS.

Emphasis of matters

Without changing our opinion, we draw your attention to the fact that the Company operates in a political and economic crisis that escalated in Ukraine since November 2013. These conditions indicate the existence of uncertainties that may affect the Company's ability to continue operations as a going concern. The political and economic situation in the country will largely depend on the effectiveness of actions that will be taken by the government. Therefore, at this moment it is impossible to estimate the effect that the political and economic crisis will have on the financial position of the Company and its performance in the future. These financial statements do not include any adjustments that would occur if the Company was unable to continue operations in the future.

BDO LLC

Kyiv, Ukraine,

April 11, 2014

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

LLC “Ranbaxy Pharmaceuticals Ukraine”

Directors’ report

for the year ended 31 December 2013

The director have pleasure in presenting the report for the year ended 31 December 2013.

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 2013.

Financial result for the year 2013 is a net profit in amount of UAH 4 246 thsnd./INR 30,502 thsnd.

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 mn/INR 299,310 mn (US$ 5 mn). There were no changes in the authorised share capital of the company during the year 2013.

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**
Irina Savchenko	Ukrainian

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%.

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

Auditor in 2013

LLC “BDO”

Business address Postal address Registered office

175, Kharkivske shosse,

Kyiv, Ukraine

02121

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Irina Savchenko, Director

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF FINANCIAL POSITION
as at December 31, 2013
(in thousands of Hryvnia)

	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	7	529	168
Intangible assets	8	87	90
Deferred tax assets	9	329	333
		945	**591**
Current assets			
Inventories	10	57 347	51 725
Trade receivables	11	-	2
Prepayments and other receivables	11	1 586	406
Cash and cash equivalents	12	8 465	9 022
		67 398	**61 155**
Total assets		**68 343**	**61 746**
EQUITY AND LIABILITIES			
Equity			
Registered capital	13	39 950	11 175
Retained earnings (deficit)		2 733	(1 513)
Total equity		**42 683**	**9 662**
Current liabilities			
Trade payables	14	20 385	52 084
Current provisions	15	2 699	-
Current payable of income tax	9	2 570	-
Other current liabilities	14	6	-
Total liabilities		**25 660**	**52 084**
Total equity and liabilities		**68 343**	**61 746**

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF FINANCIAL POSITION
as at December 31, 2013
(in thousands of Hryvnia)

	Note	2013	2012
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Total liabilities		**25 660**	**52 084**
Total equity and liabilities		**68 343**	**61 746**

Signed and testified on behalf of the Company:

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.A. Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF FINANCIAL POSITION
as at December 31, 2013
(in thousands of INR)

	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,963.33	1,141.30
Intangible assets	8	651.81	611.41
Deferred tax assets	9	2,464.91	2,262.21
		7,080.05	**4,014.91**
Current assets			-
Inventories	10	429,650.68	351,389.87
Trade receivables	11	14.98	13.59
Prepayments and other receivables	11	11,882.50	2,758.13
Cash and cash equivalents	12	63,420.81	61,290.27
		504,953.99	**415,451.86**
Total assets		**512,034.04**	**419,466.78**
		-	-
EQUITY AND LIABILITIES		-	-
Equity		-	-
Registered capital	13	299,310.24	75,916.52
Retained earnings (deficit)		20,475.97	(10,278.45)
Total equity		**319,786.21**	**65,638.07**
		-	-
Current liabilities		-	-
Trade payables	14	152,726.89	353,828.71
Current provisions	15	20,221.24	
Current payable of income tax	9	19,254.75	
Other current liabilities	14	44.95	
Total liabilities		**192,247.83**	**353,828.71**
Total equity and liabilities		**512,034.04**	**419,466.78**

Signed and testified on behalf of the Company:

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC I.A. Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2013
(in thousands of Hryvnia)

	Note	2013	2012
Net revenue from sales of products (goods, works and services)	16	**204 714**	**363**
Cost of products (goods, works and services) sold	17	(169 924)	(210)
Gross profit		**34 790**	**153**
Administrative expenses	18	(4 253)	(1 280)
Selling expenses	19	(18 138)	(630)
Other income	20	5 547	80
Other expenses	21	(11 125)	(184)
Profit (loss) before tax:		**6 821**	**(1 861)**
Income tax expenses (income)	9	(2 575)	333
Net profit (loss) and Comprehensive income		**4 246**	**(1 528)**

Signed and testified on behalf of the Company:

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.A. Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT,OF,COMPREHENSIVE,INCOME
for,the,year,ended,December,31,,2013
(in,thousands,of, INR)

	Note	2013	2012
Net,revenue,from,sales,of,products,(goods,,works,and,services)	16	**1,470,646.55**	**2,607.76**
Cost,of,products,(goods,,works,and,services) sold	17	(1,220,718.39)	(1,508.62)
Gross,profit		**249,928.16**	**1,099.14**
		-	-
Administrative,expenses	18	(30,553.16)	(9,195.40)
Selling,expenses	19	(130,301.72)	(4,525.86)
Other,income	20	39,849.14	574.71
Other,expenses	21	(79,920.98)	(1,321.84)
Profit,(loss),before,tax:		**49,001.44**	**(13,369.25)**
		-	-
		-	-
Income,tax,expenses,(income)	9	(18,498.56)	2,392.24
		-	-
Net,profit (loss),and,Comprehensive,income		**30,502.87**	**(10,977.01)**

Signed,and,testified,on,behalf,of,the,Company:

Director,of
«Ranbaxy,Pharmaceuticals,Ukraine»,LLC, I.M.Savchenko

Chief,Accountant,of,
«Ranbaxy,Pharmaceuticals,Ukraine»,LLC I.A.,Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF CASH FLOWS (on the straight-line basis)

for the year ended December 31, 2013

(in thousands of Hryvnia)

	2013	2012
Cash flows from operating activities		
Proceeds from:		
Sale of products (goods, works, services)	204 808	361
Prepayments recovered	87	-
Other proceeds	195	28
Total proceeds from operating activities	**205 090**	**389**
Expenditure for payment for:		
Goods (works, services)	(221 740)	(1 032)
Payroll	(4 749)	(772)
Benefits-related deductions	(1 902)	(255)
Liabilities on taxes and charges excluded income tax	(900)	(161)
Other expenditure	(4 707)	(70)
Total expenditure for payment from operating activities	**(233 998)**	**(2 290)**
Net cash flows from operating activities	**(28 908)**	**(1 901)**
Cash flows from investing activities		
Purchase property, plant and equipment	(409)	(175)
Purchase intangible assets	(15)	(92)
Net cash flows from investing activities	**(424)**	**(267)**
Cash flows from financing activities		
Proceeds from Equity	28 775	11 190
Net cash flows from financing activities	**28 775**	**11 190**
Net cash flows for the reporting period	**(557)**	**9 022**
Cash and cash equivalents at the beginning of the year	**9 022**	**-**
Cash and cash equivalents at the end of the year	**8 465**	**9 022**

Signed and testified on behalf of the Company:

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.A. Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF CASH FLOWS (on the straight-line basis)
for the year ended December 31, 2013
(in thousands of INR)

	2013	2012
Cash flows from operating activities		
Proceeds from:		
Sale of products (goods, works, services)	1,473,365.83	2,385.99
Prepayments recovered	625.00	
Other proceeds	1,400.86	185.06
Total proceeds from operating activities	**1,475,391.69**	**2,571.05**
		-
Expenditure for payment for:		-
Goods (works, services)	(1,590,915.78)	(6,820.89)
Payroll	(34,116.38)	(5,102.45)
Benefits-related deductions	(13,663.79)	(1,131.93)
Liabilities on taxes and charges excluded income tax	(6,465.52)	(1,064.11)
Other expenditure	(33,814.66)	(462.66)
Total expenditure for payment from operating activities	**(1,678,976.13)**	**(14,582.03)**
Net cash flows from operating activities	**(203,584.43)**	**(12,010.97)**
		-
Cash flows from investing activities		-
Purchase property, plant and equipment	(2,938.22)	(603.18)
Purchase intangible assets	(107.76)	(608.06)
Net cash flows from investing activities	**(3,045.98)**	**(1,211.24)**
Cash flows from financing activities		
Proceeds from Equity	208,760.94	74,512.49
Net cash flows from financing activities	**208,760.94**	**74,512.49**
		-
Net cash flows for the reporting period	**2,130.53**	**61,290.27**
Cash and cash equivalents at the beginning of the year	**61,290.27**	
Cash and cash equivalents at the end of the year	**63,420.81**	**61,290.27**

Signed and testified on behalf of the Company:

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.A. Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2013

(in thousands of Hryvnia)

	Registered capital	Retained earnings (deficit)	**Total equity**
13 June 2012	**-**	**-**	**-**
Net loss for the reporting period	-	(1 513)	**(1 513)**
Total comprehensive income for the reporting period	**-**	**(1 513)**	**(1 513)**
Contributions to equity	11 175	-	**11 175**
31 December 2012	**11 175**	**(1 513)**	**9 662**
Net profit for the reporting period	-	4 246	**4 246**
Total comprehensive income for the reporting period	**-**	**4 246**	**4 246**
Contributions to equity	28 775	-	**28 775**
31 December 2013	**39 950**	**2 733**	**42 683**

Signed and testified on behalf of the Company:

Director of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.M.Savchenko

Chief Accountant of
«Ranbaxy Pharmaceuticals Ukraine» LLC — I.A. Poltieva

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

Notes to annual financial statements.

Note 1. The Company and its activity

Name:
Full name in English: "Ranbaxy Pharmaceuticals Ukraine" Limited Liability Company (hereinafter referred to as the Company).
Short name in English: "Ranbaxy Pharmaceuticals Ukraine" LLC;
Trade (business) name: "Ranbaxy Pharmaceuticals Ukraine" LLC.

EDRPOU-code: 38265984;

Location:
Registered address of the Company: 175 Kharkivske Shose Street, Kyiv, 02121, Ukraine.
Mailing address of the Company: 175 Kharkivske Shose Street, Kyiv, 02121, Ukraine.
Telephone numbers in Kyiv: (044) 371-77-21, fax: (044) 371-77-23.
Internet: http://www.ranbaxy.com.ua/

"Ranbaxy Pharmaceuticals Ukraine" Limited Liability Company or "the Company" was registered on 13.06.2012 in accordance with the current legislation of Ukraine.
The Company's principal activity is wholesale trade in pharmaceutical goods.

Note 2. Basic approaches to preparation of the financial statements

Basis of presentation
These financial statements have been prepared in compliance with IRS requirements according to forms approved by the National Provision (Standard) of Accounting 1 "General Requirements to Financial Statements" approved by Order № 73 of the Ministry of Finance of Ukraine dated February 7, 2013 which is based on the principles of the International Financial Reporting Standards but comprises a certain list of special features regarding mandatory reporting contents and format not subject to adjustment in view of the specific nature of economic activity of a business entity.
The main principles of the Company's accounting policies for year 2013 are approved by the Company's Order № 12013/01/02-22/1 dated 02.01.2013.

Reporting date and reporting period
The reporting date of the Company's financial statements for year 2013 is the end of the day of December 31, 2013. Prior reporting period comprised the period from the registration date in June 2012 to December 31, 2012.

Functional reporting currency and its measurement unit
Presentation currency is Ukrainian Hryvnia which is also the functional currency of the Company. All financials presented in Ukrainian Hryvnia are rounded to the nearest thousand, if not stipulated otherwise.

Note 3. New standards and interpretations

New and revised standards and interpretations to be applied by the Company

The accounting policies are generally consistent with the policies applied in the preceding reporting year. Certain new standards and interpretations became effective for the Company starting from January 1, 2013.

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

Listed below are those new or revised standards or interpretations which are or in the future could be relevant to the Company:

IAS 1 (revised) *«Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income»* changes the disclosure of items presented in other comprehensive income. The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ('recycled') to profit or loss at a future point in time (for instance, in case of derecognition or settlement) have to be presented separately from items that will not be reclassified. The amendments affect presentation only and have no impact on the Company's financial position or performance.

IFRS 1 (revised) *«Government Loans»*. These amendments require that first-time adopters apply the requirements of IAS 20 *"Accounting for Government Grants and Disclosure of Government Assistance"* prospectively to loans entered into on or after the date of transition to IFRSs. The amendments have a restricted effect on the Company's financial position or performance.

IFRS 7 (revised) "*Disclosures — Offsetting Financial Assets and Financial Liabilities"*. The amendments to IFRS 7 require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 "*Financial Instruments: Presentation"*. The amendments do not affect the Company's financial position or performance.

IFRS 13 *«Fair Value Measurement»* provides a single source of fair value measurement requirements for use across IFRSs. IFRS 13 does not change the determination of circumstances when fair value is used, but rather describes how to measure fair value when fair value is required or permitted by IFRS. IFRS 13 also requires additional disclosures. Application of IFRS 13 had no significant effect on fair value measurements made by the Company. If necessary, additional disclosures are made in separate notes to assets and liabilities for which fair value is measured.

«IFRS - Annual Improvements» (May 2012):

IFRS 1 *«First-Time Adoption of International Financial Reporting Standards»*. This improvement clarifies that an entity which discontinued IFRS application in the past but elects or is under an obligation to prepare IFRS financial statements again is entitled to repeated adoption of IFRS 1. If IFRS 1 is not adopted repeatedly, the entity should make a retrospective restatement of items in its financial statements as if it never stopped applying IFRS.

IAS 1 *«Presentation of Financial Statements»*. This improvement clarifies the difference between the additional comparative information disclosed voluntary and the minimum comparative information requirements. As a rule, the minimum comparative information requirement means disclosures for the preceding period.

IAS 16 *«Property, plant and equipment»*. This improvement clarifies that items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are not classified as inventory.

IAS 32 *«Financial Instruments: Presentation»*. This improvement clarifies that income tax attributable to payments to shareholders should be recognized according to IFRS (IAS) 12 "Income Tax".

IAS 34 *«Interim Financial Reporting»*. This improvement harmonizes the requirements for disclosure of segment information for total assets in interim financial statements with the requirements for disclosure of segment liabilities in such reporting. This improvement requires that disclosures in the interim financial reporting be consistent with annual financial statements.

IFRS and Interpretations not entered into effect

The Company did not apply the following IFRs and Interpretations to IFRS and IAS published but not made effective:

FINANCIAL STATEMENTS
as at December 31, 2013 for the year ended on the mentioned date

IAS 36 (revised) – *«Recoverable Amount Disclosures for Non-Financial Assets»*. These amendments limit the scope of circumstances requiring disclosure of anticipated recoverable amount of assets or money-generating units and introduce a clear requirement to disclose the discount rate applicable for measurement of impairment (or impairment reversal), with the anticipated recoverable amount (based on fair value less disposal expenses) being measured with the use of discount. These amendments become effective for annual reporting periods starting on or after January 1, 2014. These amendments are not expected to have any significant impact on the Company's financial position or financial performance.

IAS 39 (revised) *«Novation of Derivatives and Continuation of Hedge Accounting»*. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which novation of a derivative instrument classified as a hedging instrument complies with the established criteria. These amendments become effective for annual reporting periods starting on or after January 1, 2014. The Company expects that these amendments will not affect the Company's financial position or financial performance.

IFRS 9 *«Financial Instruments»*. IFRS 9, issued in November 2009, as amended as of the current date. It replaces those parts of IAS 39 *«Financial Instruments: Recognition and Measurement»* relating to the classification and measurement of financial assets and hedging accounting. This standard was planned to be made effective for annual reporting periods starting on January 1, 2015, but its effective date was subsequently cancelled and currently remains open till all phases of IFRS 9 become effective. The Company is considering the implications of the standard.

IFRS 14 «*Regulatory Deferral Accounts*». Many countries have industry sectors, including utilities that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. This standard permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. Entities entitled to application of IFRS 1 are under no obligation to do this but may apply only the requirements of IFRS 1 «*First-Time Adoption of International Financial Reporting Standards*» at their first-time adoption of IFRS. However, entities which adopted IFRS 14 for their first IFRS reporting should continue its application in their subsequent financial reporting. An entity that already presents IFRS financial statements is not eligible to apply the Standard. IFRS 14 becomes effective for annual reporting periods starting on or after January 1, 2016. Early application is allowed.

Interpretation of IFRIC 21 *«Levies»*. The interpretation clarifies that an entity recognizes a liability for levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognized before the specified minimum threshold is reached. The interpretation of IFRIC 21 becomes effective for annual reporting periods starting on or after January 1, 2014. This interpretation will not affect the Company's financial reporting.

«IFRS – Annual Improvements» (cycle 2010 - 2012).

IFRS 2 *«Share-based Payment»*. This improvement clarifies the definition of term *vesting condition* by separately defining the terms *performance condition* and *service condition* which were previously described within the definition of vesting conditions.

IFRS 8 «*Operating Segments*». This improvement requires additional disclosure of judgment used by management to identify the entity's reportable segments when operating segments have been aggregated. This improvement also clarifies that reconciliation of assets of reportable segments with entity's assets is required only in case segment asset assessment is regularly submitted to the manager making operating decisions.

IFRS 13 *«Fair Value Management»*. This improvement clarifies that short-term receivables and payables with no stated interest rate may be measured at invoice amounts without discounting, as earlier, when the effect of not discounting is immaterial.

IAS 16 «*Property, Plant and Equipment*». This improvement clarifies the accounting treatment for accumulated depreciation when items of property, plant and equipment are measured using the revaluation model. The net carrying amount of an asset is restated to the revalued amount in one of the following ways:

- The gross carrying amount is restated in the manner consistent with the revaluation of the carrying amount (for example, proportionately with a change in the net carrying amount or by reference to an observable data). The accumulated depreciation is also restated equivalently to the difference between the gross and the net carrying amounts.
- Accumulated depreciation is eliminated against the gross carrying amount.

IFRS 24 «*Related Party Disclosures*». This improvement clarifies that in case the services of the reporting entity (or its parent company) management are provided to the entity by another specialized entity, the latter is a related party of the reporting entity and:

- requires additional disclosure of management expenses provided to a specialized stand-alone entity;
- does not require the disclosure of the mentioned amount by categories as required by IAS 24.17.

IAS 38 «*Intangible Assets*». This improvement clarifies the accounting treatment for accumulated depreciation when items of intangible assets are measured using the revaluation model. The net carrying amount of an asset is restated to the revalued amount in one of the following ways:

- The gross carrying amount is restated in the manner consistent with the revaluation of the carrying amount (for example, proportionately with a change in the net carrying amount or by reference to an observable data). The accumulated depreciation is also restated equivalently to the difference between the gross and the net carrying amounts.
- Accumulated depreciation is eliminated against the gross carrying amount.

These improvements become effective for annual reporting periods starting on or after July 1, 2014. Adoption of these improvements will have no effect on the Company’s financial reporting.

«IFRS – Annual Improvements» (cycle 2011 - 2013).

IFRS 13 *«Fair Value Measurement»*.

IFRS 13.52 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception.

This improvement clarifies that the portfolio exception includes all contracts that are within the scope of IAS 39 *«Financial Instruments: Recognition and Measurement»* (or IFRS 9 *«Financial Instruments»* if this has been adopted early) even if they do not meet the definition of financial assets and financial liabilities in IAS 32 *«Financial Instruments: Presentation»*.

IAS 40 *«Investment Property»*. The amendment notes that determining whether the acquisition of an investment property is a business combination requires judgment of the specific requirements of IFRS 3 *«Business Combination»* , independently from the requirements of IAS 40, in particular:

- Judgment is required to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination (only within the scope of IFRS 3 requirements).
- The judgment is needed to distinguish investment property from owner-occupied property (only within the scope of IFRS 3 requirements).

These improvements become effective for annual reporting periods starting on or after July 1, 2014. Adoption of these improvements will not have any effect on the Company’s financial reporting.

Note 4. Operating environment and economic situation

The refusal of the Ukrainian government to sign the EU Association Agreement in November 2013 triggered large-scale population protests and, as a consequence, resulted in the political and economic crisis. The prospects of improvement of the economic situation in the country depend on the range of fiscal and other

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economic and legal measures to be introduced by the Ukrainian government. Since the list and introduction term of such measures is not clear, it is impossible to make a reliable estimate of the effect that the current economic situation has on the Company's activity.
The Company's trade partners may be affected by low liquidity which, in its turn, may have an effect on their ability to repay their debts. Management is unable to make a reliable assessment of the impact which any further impairment of the situation and growing uncertainty on the financial markets may have on the Company's financial position.
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which means that assets are utilized and liabilities discharged in the ordinary course of the Company's activity. The financial statements do not include any adjustments to reflect possible future consequences relating to recoverability and classification of recognized amounts of funds, other assets or liabilities that might result from the outcome of this uncertainty.

Note 5. Basis of measurement

These financial statements have been prepared on a historical cost basis.

Going concern
These financial statements have been prepared assuming that the Company will continue as a going concern, which means that assets are utilized and liabilities are discharged in the ordinary course of the Company's activity.

Critical accounting estimates and judgments
These financial statements are prepared using judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience, current and expected economic conditions and other observable data. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

- ***Useful life of property, plant and equipment and intangible assets***

Depreciation or amortization of property, plant and equipment and intangible assets is accrued over their useful life. Useful life is determined based on management's estimates in respect of the period during which an asset will generate profit. Such periods are reviewed on a regular basis for further consistency. As for long-term use assets, changes in estimates used may result in significant changes of carrying amounts.

- ***Asset impairment***

The Company tests its trade receivables and other amounts due to the Company to identify any decrease in asset utility. The Company's management uses judgment for assessing the amount of any losses from a decrease in utility in cases when the contracting party experiences financial difficulties. The Company makes assessment based on historical data and objective evidence indicating a utility decrease.

- ***Deferred tax assets and liabilities***

The likelihood of future disposal of deferred tax assets (liabilities) is assessed based on different factors, including operating results of past years, business plan, expiration of the tax loss recovery term and accounting planning strategies. If the actual results differ from the estimates, or if there is a need to review these estimates in the future periods, this can have an adverse effect on the financial position, operating result and cash flows. If recognized deferred tax assets should be decreased in the future, such a decrease will be recognized in the Comprehensive Income Statement.

Note 6. Significant accounting policies

Property, plant and equipment
Items of non-current assets are stated in the Company's Balance Sheet (Statement of Financial Position) at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of such items

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comprises the costs directly attributable to asset acquisition. The cost of items constructed in the course of own-account activities comprises all costs directly related to such construction process and absorbed overhead (materials, payroll, depreciation of equipment used in the construction process etc.).
Repair and maintenance expenses are charged to income statement in the period in which they are incurred.
Reconstruction and modernization costs are capitalized.
Profit (loss) from retirement of property, plant and equipment is recognized on profit and loss accounts as incurred.
Construction in progress represents prepayments for capital construction and purchase of property, plant and equipment.
The cost of property, plant and equipment is recognized as expenses by accruing depreciation over its useful life. Depreciation of all items of property, plant and equipment is calculated on a straight-line basis.
The Company classifies its property, plant and equipment in the following groups:

- Machinery and equipment;
- Tools, fittings and implements;
- Other.

A definite useful life term is estimated for each item of property, plant and equipment. In some cases, the expected useful life of an asset may be shorter than the term of its economic service owing to the nature of the asset's utility for the Company. The estimated useful life of an asset is determined with the use of the professional judgment based on the Company's experience with similar assets. The expected useful life is tested on a regular basis (as a rule, once a year) and reviewed, if necessary. Items of property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of respective assets:

Group of property, plant and equipment	Period (years)
Machinery and equipment	3-17
Tools, fittings and implements	4-10
Other	2-5

The Company estimates useful lives of property, plant and equipment at least at the end of each financial year and if the results differ from the preceding estimates, a respective change is stated as a change in accounting estimates in accordance with IFRS 8 (IAS 8) «Accounting Policies, Changes in Accounting Estimates and Errors».
These estimates may have a significant impact on the carrying amount of property, plant and equipment and on depreciation allowance over the period.

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Intangible assets
Intangible assets are accounted for at cost less accumulated depreciation and possible impairment.
Internally generated intangible assets are recognized if they arise from development (in the meaning of IFRS 38 «Intangible Assets») and the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are depreciated on the straight-line basis over the asset's useful life. Intangible assets are tested for impairment whenever there are indications that the asset may be impaired. The expected useful life of an asset is reviewed at least at each reporting period-end. A change in useful life is accounted for as a change in accounting estimates and stated retrospectively.
In the reporting period the Company recognizes software in intangible assets.

Inventory
Inventory is stated at the lower of cost and net realizable value.
When inventories are sold or disposed of otherwise, they are assessed using the periodic weighted average cost formula: assessment under the weighted average cost is made for each inventory item by dividing the summed value of the inventories remaining as of the transaction date by the summed value of inventories as of the date of their disposal transaction.
The cost of sales comprises only the carrying amount of inventories sold in the reporting period. Disposal of other inventories is accounted for according to their designated purpose (administrative, selling expenses) or recognized in other expenditure if the disposal was not directly associated with earning of income or performing such economic functions as administration or sales.

Financial instruments
Recognition of financial instruments
Financial assets and financial liabilities of the Company comprise cash and cash equivalents, receivables and payables, other liabilities and loans. The accounting policies applied for recognition of financial assets are described in respective sections of these Notes.
During the reporting period the Company did not use any financial derivatives, interest swaps and forward contracts for mitigation of foreign exchange or interest risks.
The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognized at the transaction date.
According to ISA39 «Financial Instruments: Recognition and Measurement», the Company classifies its financial assets into the following measurement categories: financial assets measured at fair value through profit or loss; loans and receivables; held-to-maturity investments, and available-for-sale financial assets. When a financial asset is recognized initially, the Company measures it at its fair value plus, in the case of a financial asset not an investment at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. When the Company becomes a party to the contract, the Company identifies embedded derivatives in it. Embedded derivatives are separated from the host contract, which is not designated through profit or loss in case the analysis indicates that economic characteristics and risks of embedded derivatives differ significantly from similar characteristics of the host contract.

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The Company classifies its financial assets immediately after initial recognition and reviews this classification at each financial-year end.
All purchases and sales of financial instruments ("regular way" purchases and sales) are recorded at trade date, which is the date that the entity commits to purchase a financial instrument. "Regular way" purchase and sale deals are purchases and sales of financial assets requiring delivery of the asset within the time frame established by legislation or market convention.
The Company possesses financial assets of one category: 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 are carried at amortized cost using the effective interest rate method less impairment provision. The amortized cost is calculated subject to discounts or premiums arising at acquisition and includes fees and commissions inherent in the effective interest rate and transaction costs. Gains and losses are recognized in the statement of income for the period when the loans and receivables are derecognized or impaired, as well as through the amortization process.
On initial recognition, loans are recognized at fair value of consideration given measured using available market interest rates applied for similar instruments, if there is a significant difference from the interest rate of the loan issued. Loans issued are measured at amortized cost using the effective interest method. The difference between fair value of funds issued and the loan repayment amount is stated as interest receivable over the period for which the loan is granted. Amortized cost is calculated taking into account any transactions costs and any discount or premium at settlement.
Loans with maturity exceeding twelve months after the reporting date are classified as non-current assets.
receivables are stated subject to value added tax (VAT) and is initially carried at cost payable by the debtor. Trade and other receivables are adjusted for the provision established for impairment of these receivables. Such an provision for doubtful debtors is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. If the trade receivable is recognized as bad, it is written off at the expense of the doubtful debt provision. Payment of amounts previously written off is stated in revenue for the period.

Fair value
The estimated fair value of financial assets and liabilities has been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to determine the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.
The estimated fair value of financial assets and liabilities has been determined using the discounted cash flows methodology and other appropriate valuation methodologies at the year end; it is not indicative of the fair value of such instruments as of the date upon which these financial statements are prepared. These estimates do not account for any premiums or discounts which could originate from the offer of simultaneous sale of the full set of the Company's certain financial instrument. Fair value measurement is based on the assumptions about future cash flows, existing operating environment, risks inherent in different financial instruments and other factors.
Fair value measurement is based on the available financial instruments without any attempts to estimate the expected futures contract amount and the amount of assets and liabilities which are not classified as financial instruments. Potential tax ramifications related to realization of unrealized gains and losses may affect the fair value amount and have not been taken into consideration.

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Trade and other receivables impairment provision

The Company establishes a provision for impairment of trade and other receivables based on the Company's assessment of the likelihood of recovering outstanding amounts from particular customers. If any of the key customers experiences a decline in solvency or if actual loss from debtors' default under their obligations exceeds the estimates made by the Company, actual results may differ from the mentioned estimates.

If the Company determines that no objective evidence of impairment exists for a particular receivable, regardless of its amount, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment.
Credit risk characteristics by which receivables are grouped are related to estimates of future cash flows generated by the receivable and, in their turn, depend on the debtor's ability to pay the amounts due according to the contractual terms.
When assessing the impairment collectively for a group of receivables, future cash flows are estimated on the basis of contractual cash flows, general operating environment, ageing of receivables, historical experience of the Company in writing off such receivables, buyers' solvency, changes in contractual payment terms and other circumstances which, in the Company's opinion, may affect future cash flows from such receivables.
Changes in economy, industry-specific situation or in financial position of particular customers may result in adjustment of the trade and other receivables impairment provision recognized in the financial statements.

Cash and cash equivalents

Cash includes cash in hand and deposits held with banks. Cash equivalents include short-term highly liquid investments easily convertible to cash, with original maturities not more than three months after the acquisition date, which may have a slight fluctuation in value.

Value added tax

The Company is taxed by value added tax at the rate established by Art. 193 of the Tax Code of Ukraine, subject to provisions of Sub-Section 2 of Section XXI «Final and Transitional Provisions». Article 197.1.27 of the Tax Code of Ukraine stipulates that medicine sales transactions are exempt from VAT. The Company does not form a tax credit and recognizes VAT amounts relating to acquisition of goods, works and services in expenditure and in initial cost of depreciable fixed assets and intangible assets.

Equity

The Company's equity comprises the following components: Registered capital, Unpaid capital, Share premium, Retained earnings (uncovered loss).
Registered capital represents the authorized capital set forth in Articles of Association and registered in the Uniform State Register of Enterprises and Organizations of Ukraine.
Unpaid capital – a portion of the authorized capital registered according to the established procedure but not paid up on the reporting date.
Share premium – a positive currency translation difference on members' contributions to the authorized capital paid in foreign currency.
Retained earnings (uncovered loss) – accumulated earnings (losses) of the current and the preceding reporting periods.

Financial liabilities

Financial liabilities are classified into 2 categories:

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

Financial liabilities measured through profit or loss

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Upon initial recognition, financial liabilities may be designated as at fair value through profit or loss, if the following criteria are complied with:

(i) this eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases;

(ii) the financial liability is included in a group of financial liabilities which is managed and which performance is evaluated on a fair value basis, in accordance with a documented risk management strategy;

(iii) the financial liability comprises an embedded financial instrument which should be separately recognized in the financial statements.

As at the reporting date, the Company had no financial liabilities which may be designated as at fair value through profit or loss.

Accounts payable

Accounts payable are initially recognized in the same manner as prescribed by the above-mentioned policies for financial instruments. Subsequently, instruments with fixed maturity are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement. Financial liabilities with no fixed maturity date are subsequently measured at cost.

Earnings per share

Earnings per share is calculated by dividing income (loss) available to common shareholders by the weighted-average number of common shares outstanding.

Leases

Leases, which in fact transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as financial leases. Other leases are classified as operating leases.

Operating lease expenses are recognized in profit or loss on a straight-line basis over the lease term.

Assets received under financial lease terms are recognized and stated in property, plant and equipment at the lower of asset fair value as at the acquisition date or the present discounted value of future minimum lease payments.

Income tax

The income tax charge comprises current tax accrued and deferred tax. Income tax is recognized in the income statement, except if it is recognized directly in equity because it relates to transactions that are also recognized directly in equity, or if it is recognized in other comprehensive income (transactions that are also recognized in other comprehensive income).

The amount of current tax payable by the Company is calculated in respect of taxable profits determined according to the tax legislation of Ukraine using the tax rate effective as at the reporting date, taking into account tax liability adjustments for preceding years.

Deferred income tax is provided using the balance sheet liability method for temporary differences arising between carrying amounts of assets and liabilities used for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted by the reporting date taking into account the expected method of assets realization or liabilities discharge. Deferred tax assets and liabilities are netted against each other in the financial statements, if they relate to the same tax authority.

Deferred tax assets and liabilities are reviewed as at each reporting date and restated downwards if it is probable that future taxable profit will not be available. Assessment of such probability involves judgments based on the expected performance of the Company. The likelihood of deferred tax assets (liabilities) realization is assessed based on different factors, including operating results for preceding years, business plan,

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expiration of tax loss recovery period and tax planning strategy. If the actual experience differs from these estimates or if there is a need to review such estimates in the future periods, this may have an adverse impact on the financial position, operating result and cash flows. If there is a need to reduce the recognizable amount of deferred tax assets in the future, this reduction is reflected in the income statement.
A deferred tax asset is recorded only to the extent not exceeding the amount of taxable profit taxes expected in the future against which this asset may be realized. The measurement of a deferred tax asset is reduced to the extent that it is no longer probable that the related benefit will be received from its realization.
As at the moment of the Company's registration and in subsequent periods income tax is payable at the following rates according to the Tax Code of Ukraine:

- from registration date in June 2012 till December 31, 2012 – 21 %,
- from January 01, 2013 to December 31, 2013 – 19 %;
- from January 01, 2014 - 18%.

In these financial statements the Company reflected the implications of the new Tax Code for current and deferred income taxes associated with changes in income tax rates and also associated with a change of tax balance sheet value of property, plant and equipment. The Company calculated its deferred tax assets and liabilities using the tax rates which are expected to be effective in the period when temporary differences resulting in respective deferred tax assets and liabilities are reversed.

Provisions and allowances for future expenses and payments
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Revenue recognition
Revenues are measured at the fair value of the consideration received or receivable.
Sale revenue is the cost of products supplied to consumers during the period. Management believes that the assumptions and judgments upon which data are based are well-grounded under the circumstances. However, changes in these assumptions may have an impact on income amounts recognized in financial statements.
Revenue from sale of tangible assets is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue may be reliably estimated, the inflow to the Company of economic benefits associated with the transaction is possible, and expenses which are incurred or may be incurred in the future with regard to this transaction may be measured reliably. Revenue of such transactions is recognized on the date when tangible assets are shipped to buyers, if not otherwise stipulated by respective contracts.
Revenue under a service contract is recognized by reference to the stage of completion of contract activity.
Interest income is recognized in the income statement on a time basis, by reference to the principal outstanding amount and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's residual value.

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Note 7. Property, plant and equipment

Property, plant and equipment is represented as follows:

	Machinery and equipment	Tools, fittings and implements	Other intangible assets	**Total**
Cost				
as at 13.06.2012	-	-	-	-
Additions	160	2	-	162
as at 31.12.2012	**160**	**2**	**-**	**162**
Additions	385	21	**11**	**417**
as at 31.12.2013	**545**	**23**	**11**	**579**
Accumulated depreciation				
as at 13.06.2012	**-**	**-**	**-**	**-**
Accumulated depreciation for the period	(5)	(1)	**-**	**(6)**
as at 31.12.2012	**(5)**	**(1)**		**(6)**
Accumulated depreciation for the period	36	3	**11**	**50**
as at 31.12.2013	**(41)**	**(4)**	**(11)**	**(56)**
Residual value				
as at 13.06.2012	-	-	-	-
as at 31.12.2012	155	1	-	156
as at 31.12.2013	**504**	**19**	**-**	**523**

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	Machinery and equipment	Tools, fittings and implements	Other intangible assets	**Total**
Cost				
as at 13.06.2012	-	-	-	-
Additions	1,086.95	13.59	-	1,100.53
as at 31.12.2012	**1,086.95**	**13.59**	**-**	**1,100.53**
Additions	2,884.47	157.33	**82.41**	**3,124.21**
as at 31.12.2013	**3,971.41**	**170.92**	**82.41**	**4,224.75**
Accumulated depreciation				
as at 13.06.2012	**-**	**-**	**-**	**-**
Accumulated depreciation for the period	(33.97)	(6.79)	**-**	**(40.76)**
as at 31.12.2012	**(33.97)**	**(6.79)**		**(40.76)**
Accumulated depreciation for the period	269.72	22.48	**82.41**	**374.61**
as at 31.12.2013	**(303.68)**	**(29.27)**	**(82.41)**	**(415.37)**
Residual value				
as at 13.06.2012	-	-	-	-
as at 31.12.2012	1,052.98	6.79	-	1,059.77
as at 31.12.2013	**3,667.73**	**141.65**	**-**	**3,809.38**

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Note 8. Intangible assets

All intangible assets of the Company have definite useful lives.
During 2012-2013, the movements of intangible assets were as follows:

	Software and others	Total
Cost		
as at 13.06.2012	**-**	**-**
Additions	92	92
as at 31.12.2012	**92**	**92**
Additions	15	15
as at 31.12.2013	**107**	**107**
Accumulated depreciation and impairment		
as at 13.06.2012	**-**	**-**
Depreciation for the period	**(2)**	**(2)**
as at 31.12.2012	**(2)**	**(2)**
Depreciation for the period	(18)	**(18)**
as at 31.12.2013	**(20)**	**(20)**
Residual value	87	87
as at 13.06.2012	-	-
as at 31.12.2012	90	90
as at 31.12.2013	**87**	**87**

In INR

	Software and others	Total
Cost		
as at 13.06.2012	**-**	**-**
Additions	625	625
as at 31.12.2012	**625**	**625**
Additions	112	112
as at 31.12.2013	**737**	**737**
Accumulated depreciation and impairment		
as at 13.06.2012	**-**	**-**
Depreciation for the period	**(14)**	**(14)**
as at 31.12.2012	**(14)**	**(14)**
Depreciation for the period	(135)	**(135)**
as at 31.12.2013	**(148)**	**(148)**
Residual value	589	589
as at 13.06.2012	-	-
as at 31.12.2012	611	611
as at 31.12.2013	**589**	**589**

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Note 9. Deferred taxes

The structure of deferred tax assets as at 31.12.2013 and as at 31.12.2012 was as follows (in thousands of UAH):

	Provision for employee benefits and other provisions	Loss carried from past years	Total
Deferred tax assets (negative values)			
as at 13.06.2012	-	-	-
Income tax from ordinary activities		(333)	(**333**)
as at 31.12.2012	-	**(333)**	**(333)**
Income tax from ordinary activities	(329)	333	**4**
as at 31.12.2013	**(329)**	-	**(329)**

InINR (thousand)

	Provision for employee benefits and other provisions	Loss carried from past years	Total
Deferred tax assets (negative values)			
as at 13.06.2012	-	-	-
Income tax from ordinary activities		**(2,262)**	**(2,262)**
as at 31.12.2012	-	**(2,262)**	**(2,262)**
Income tax from ordinary activities	**(2,465)**	**2,262**	**(203)**
as at 31.12.2013	**(2,465)**	-	**(2,465)**

The Company recognizes no deferred tax liabilities.
Income tax expense comprises the following components (in thousands of UAH):

	2013	2012
Current income tax charge	2571	-
Deferred income tax benefit /expense	4	(333)
Total income tax	**2575**	**(333)**

In INR (thousand)

	2013	2012
Current income tax charge	18,470	-
Deferred income tax benefit /expense	29	(2,201)
Total income tax	**18,499**	**(2,201)**

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In accordance with provisions of the new Tax Code, corporate income tax rates are gradually reduced from 21% in 2012, the year when the Company was registered, to 18% starting from 2014 (see Note 6). Deferred tax assets and liabilities are measured at the income tax rates which are expected to be applied in the periods when the tax asset will be realized or the liability will be settled.

Tax effect of temporary differences:

	2013	2012
Profit before tax	**6821**	**(1861)**
Tax charge at the effective rate	1296	(391)
Tax effect of expenses not deductible for tax purposes	1600	58
Effect of income not assessable for taxation purposes	7	
Change in deferred tax assets as a result of tax rate change	5	
Allowance for negative value of prior tax period	(333)	
Income tax expenses recognized in comprehensive income statement	**2575**	**(333)**

		InINR
	2013	**2012**
Profit before tax	**49,001**	**(12,300)**
Tax charge at the effective rate	9,310	(2,584)
Tax effect of expenses not deductible for tax purposes	11,494	383
Effect of income not assessable for taxation purposes	50	
Change in deferred tax assets as a result of tax rate change	36	
Allowance for negative value of prior tax period	(2,392)	
Income tax expenses recognized in comprehensive income statement	**18,499**	**(2,201)**

Note 10. Inventories

As at 31 December inventories comprise (in thousands of UAH):

	31.12.2013	31.12.2012
Finished products and goods in stock	57 347	51 725
Fuel	13	-
Total	**57 334**	**51 725**

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In INR (thousand)

	31.12.2013	31.12.2012
Finished products and goods in stock	429,726	351,390
Fuel	97	
Total	**429,628**	**351,390**

Decisions on writing off items of inventories to their net realizable value is made by the Company's management based on their ageing structure and indications of economic, technical and physical obsolescence.

Note 11. Accounts receivable

Accounts receivable are represented as follows (in thousands of UAH):

	31.12.2013	31.12.2012
Third-party accounts receivable	-	2
Total	**-**	**2**

In INR (thousand)

	31.12.2013	31.12.2012
Third-party accounts receivable	-	13.59
Total	**-**	**13.59**

Trade accounts receivable are non-interest bearing and are settled, as a rule, within 10 days.
Below is presented the origination term analysis for trade and other receivables as at 31 December (in thousands of UAH):

Origination term:	31.12.2013	31.12.2012
less than 30 days	-	2
over 30 days	-	-
Total	**-**	**2**

In INR (thousand)

Origination term:	31.12.2013	31.12.2012
less than 30 days	-	13.59
over 30 days	-	-
Total	**-**	**13.59**

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Other current accounts receivable:

	31.12.2013	31.12.2012
Receivables on prepayments made	1562	406
VAT receivables	14	-
Other accounts receivable	7	-
Total	**1583**	**406**

In INR

Other current accounts receivable:

	31.12.2013	31.12.2012
Receivables on prepayments made	**11,703**	**2,758**
VAT receivables	**105**	**-**
Other accounts receivable	**52**	**-**
Total	**11,860**	**2,758**

Note 12. Cash and cash equivalents

As at 31 December cash and cash equivalents are represented as follows (in thousands of UAH):

	31.12.2013	31.12.2012
Cash on current accounts	8 465	9 022
	8 465	**9 022**

In INR(thousand)

	31.12.2013	31.12.2012
Cash on current accounts	63,421	61,290
	63,421	**61,290**

Information on available cash by currencies is given in Note 27.

Note 13 Registered capital

The Company’s authorized capital as at 31.12.2012 and 31.12.2013 amounted to UAH 39 950 000 (INR 299,310,242).

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In the reporting period and in the preceding period the Company's members were:

Members	Interest held, UAH	Interest held, %
1. Ranbaxy (Netherlands) B.V.	39 550 500	99
2. Ranbaxy Holdings (UK) Limited	399 500	1
Total	**39 950 000.00**	**100.00%**

In INR

Members	Interest held, INR	Interest held, %
1. Ranbaxy (Netherlands) B.V.	296,317,140	99%
2. Ranbaxy Holdings (UK) Limited	2,993,102	1%
Total	**299,310,242**	**100%**

As at the end of the reporting period, the capital was paid up in full.

Note 14 Accounts payable

Accounts payable are presented as follows (in thousands of UAH):

	31.12.2013	**31.12.2012**
Trade accounts payable	20385	52084
Taxes	2570	-
Other current liabilities	6	-
Total	**22961**	**52084**

In INR (thousand)

¶	**31.12.2013**	**31.12.2012**
Trade accounts payable	152,727	353,829
Taxes	19,255	-
Other current liabilities	45	-
Total	**172,027**	**353,829**

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Note 15 Current provisions

Current provisions are presented as follows (in thousands of UAH)

	31.12.2013	31.12.2012
Provision for employee benefits	1292	-
Provision for medicine disposal	873	-
Provision for uninvoiced deliveries of goods and services	534	-
Total	**2699**	**-**

In INR(thousand)

	31.12.2013	31.12.2012
Provision for employee benefits	9,680	-
Provision for medicine disposal	6,541	-
Provision for uninvoiced deliveries of goods and services	4,001	-
Total	**20,221**	**-**

Note 16 Net sales

The Company's revenue for the year ended 31 December was as follows:

	2013	2012
Sales of medicines	204714	363
Total	**204714**	**363**

In INR(thousand)

	2013	2012
Sales of medicines	1,470,647	2,399
Total	**1,470,647**	**2,399**

The Company received all revenue from wholesale trade in medicines on the territory of Ukraine.

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Note 17 Cost of sales

For the year ended 31 December, the cost of sales was as follows:

	2013	2012
Cost of goods purchased	(169924)	(210)
Total	**(169924)**	**(210)**

In INR(thousand)

	2013	2012
Cost of goods purchased	(1,220,718)	(1,388)
Total	**(1220,718)**	**(1,388)**

Note 18 Administrative expenses

For the year ended 31 December, administrative expenses were as follows:

	2013	2012
Administrative personnel costs	1764	638
Payroll charges	242	177
Vehicle leasing and maintenance	112	22
Bank services	325	10
Office lease and maintenance	795	230
Information and consulting services, including audit services, recruiting	477	174
Computer systems maintenance services	391	7
Other administrative expenses	147	22
Total	**4253**	**1280**

In INR (thousand)

	2013	2012
Administrative personnel costs	12,672	4,217
Payroll charges	1,739	1,170
Vehicle leasing and maintenance	805	145
Bank services	2,335	66
Office lease and maintenance	5,711	1,520
Information and consulting services, including audit services, recruiting	3,427	1,150
Computer systems maintenance services	2,809	46
Other administrative expenses	1,056	145
Total	**30,554**	**8,459**

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Note 19 Selling expenses

For the year ended 31 December, selling expenses were as follows:

	2013	2012
Marketing and sales personnel costs	5 394	316
Payroll charges	1 479	55
Vehicle leasing and maintenance	1 118	46
Medicine advertising and promotion costs	3283	-
Warehouse lease and warehouse services	5658	155
Quality control	513	
Other selling expenses	693	58
Total	**18 138**	**630**

In INR(thousand)

	2013	2012
Marketing and sales personnel costs	38,750	2,089
Payroll charges	10,625	364
Vehicle leasing and maintenance	8,032	304
Medicine advertising and promotion costs	23,585	-
Warehouse lease and warehouse services	40,647	1,024
Quality control	3,685	
Other selling expenses	4,978	383
Total	**130,302**	**4,164**

Note 20 Other income

For the year ended 31 December, other revenue of the Company was as follows:

	2013	2012
Insurance indemnity	148	-
Gains from operating foreign exchange differences	330	80
Value of goods received free of charge as a result of supplier’s consent to compensate the cost of goods with short useful life	5 069	-
Total	**5 547**	**80**

In INR(Thousand)

	2013	2012
Insurance indemnity	1,063	-
Gains from operating foreign exchange differences	2,371	529
Value of goods received free of charge as a result of supplier’s consent to compensate the cost of goods with short useful life	36,415	-
Total	**39,849**	**529**

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Note 21 Other expenses

For the year ended 31 December, other expenditure of the Company was as follows:

	2013	2012
Losses from foreign exchange purchase and sale	4 152	-
Losses from operating foreign exchange differences	871	184
Expenses for medicine disposal	6 102	-
Total	**11 125**	**184**

In INR

	2013	2012
Losses from foreign exchange purchase and sale	29,828	-
Losses from operating foreign exchange differences	6,257	1,216
Expenses for medicine disposal	43,836	-
Total	**79,921**	**1,216**

Note 22 Operating lease

As at the reporting date, the Company has contractual obligations in respect of operating lease which were as follows:

	Real property lease		Vehicles lease	
	2013	**2012**	**2013**	**2012**
Within one year	1428	984	5152	298
from 2 to 5 years	694	792	4401	762
over 5 years	-	-	-	-
	2122	**1776**	**9553**	**1060**

In INR

	Real property lease		Vehicles lease	
	2013	**2012**	**2013**	**2012**
Within one year	10,699	6,685	38,599	2,024
from 2 to 5 years	5,200	5,380	32,973	5,177
over 5 years	-	-	-	-
	15,898.28	**12,065**	**71,572**	**7,201**

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Lease payments maturing in future periods after 31 December 2012 represent an obligation of office premises lease for the term of 3 months subject to the terms and conditions of sub-lease contract №18/24 dated 22.08.2012 with «ZETA» LLC in the amount of UAH 40 thousand per month (INR 287 thousand) , an obligation of warehouse lease for the term of 23 months subject to the terms and conditions of sub-lease contract №2008/2012 dated 20.08.2012 with «Universal Logistic» LLC in the amount of UAH 72 thousand per month (INR 517 thousand), and also lease of motor vehicles subject to the terms and conditions of operational leasing contract OL-0749-12-KY dated 13.08.2012 with «First Leasing Company» LLC in the amount of UAH 25 thousand per month (INR 180 thousand) for the term of 4 years.

Lease payments maturing in future periods after 31 December 2013 represent an obligation of office premises lease for the term of 3 years subject to the terms and conditions of lease contract №12-KP dated 29.01.2013 with «First Dnieper Investment Company» LLC in the amount of UAH 53 thousand per month (INR 381 thousand), an obligation of warehouse lease for the term of 11 months subject to the terms and conditions of sub-lease contract №2008/2012 dated 20.08.2012 with «Universal Logistic» LLC in the amount of UAH 72 thousand per month (INR 517 thousand), and also lease of motor vehicles subject to the terms and conditions of operational leasing contract OL-0749-12-KY dated 13.08.2012 with «First Leasing Company» LLC for the term of 5 years.

Note 23 Related party transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or is controlled by it, or is under common control with it.

Related parties may enter into transactions which unrelated parties would not enter into, and the prices and terms of such transactions may be different from transactions and terms between unrelated parties.

Related parties include:

- shareholders;
- key management personnel and relatives of such personnel;
- companies controlled by or under significant influence of shareholders.

Related party transactions for the year ended 31 December and respective settlement balances are detailed below (in thousands of UAH):

	2013	**2012**
Medicine purchases (import transactions)	181 803	52 066
Trade accounts payable	19 732	52 066

In INR(thousands)

	2013	**2012**
Medicine purchases (import transactions)	1,306,056	344,124
Trade accounts payable	147,835	253,706

Key management personnel is represented by the Company's employees who have the authority and responsibility for planning, directing and controlling the enterprise's activities, either directly or indirectly, including CEO.

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For the year ended 31 December, compensation to key management personnel was as follows (in thousands of UAH):

	2013	2012
Salaries and other incentives	1 081	298
Payroll charges	88	35
Total short-term payments	**1 169**	**333**

In INR(Thousand)

	2013	2012
Salaries and other incentives	7,766	1,970
Payroll charges	632	231
Total short-term payments	**8,398**	**2,201**

Note 24 Potential and contingent commitments

Contractual commitments

As at 31 December 2013 the Company had no significant contractual commitments to third parties.

Legal matters

In the course of its ordinary business activity during 2013 the Company did not act as a defendant under separate lawsuits and claims.

Tax system

In view of the unstable fiscal policies applicable in the country, deferred tax assets and liabilities of the Company have been assessed based on judgments made by the Company management using the information available to it at the moment of preparation of these financial statements.

The Company calculated deferred tax assets and liabilities using tax rates which are expected to be effective in the period when temporary differences resulting in respective deferred tax assets and liabilities are reversed.

Besides, starting from 1 April 2014 the rules of value added tax assessment for medical-purpose products have been changed in connection with entering into force of the Law of Ukraine dated 27 March 2014 N 1166-VII "On Preventing Financial Disaster and Establishing Preconditions for Economic Growth in Ukraine", in particular: from 1 April 2014 the government cancelled the tax exemption regime for transactions of delivery of medicines which manufacture and use in Ukraine is allowed and which are registered in the State Register of Medicines. At the same time, with effect from the same date, value added tax shall be accrued on deliveries of medicines and medical-purpose products at the rate of 7 per cent. The Company’s management is considering the implications of this development on the Company’s financial performance.

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Note 25 Financial instruments – risk management

In the reporting period, the Company possessed the following financial instruments:

	2013	2012
FINANCIAL ASSETS		
- loans and receivables		
Trade receivables	-	*2*
Trade receivables on income accrued	7	-
Cash and cash equivalents	8 465	9 022
	8 472	**9 024**
FINANCIAL LIABILITIES		
- carried at amortized cost		
Trade payables	20 385	52 084
Employee benefits provision, provision for uninvoiced delivery of goods and services, disposal	2 699	-
Wages and salaries payable	5	-
	23 089	**52 084**

		In INR
	2013	**2012**
FINANCIAL ASSETS		
- loans and receivables		
Trade receivables	-	*14*
Trade receivables on income accrued	52	-
Cash and cash equivalents	63,421	61,290
	63,473	**61,304**
FINANCIAL LIABILITIES		
- carried at amortized cost		
Trade payables	152,727	353,829
Employee benefits provision, provision for uninvoiced delivery of goods and services, disposal	20,221	-
Wages and salaries payable	37	-
	172,986	**353,829**

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The risk management function is an important component of the Company's activities. The main risks inherent in the Company's activities are those associated with credit risk, currency risk and liquidity risk. The risks to which the Company is exposed and management of policies relating to such risks is described below.

Credit risk

Financial instruments, which potentially subject the Company to significant credit risk, consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents are mostly placed with a reputable bank with foreign investments.

As at 31.12.2013 the Company had no trade accounts receivable. The Company does not require any pledge for its financial assets. The Company's management has developed credit policies and monitors potential credit risks on a continuous basis. Risk assessment is made for all contracting parties with credit risks exceeding the established amount.

In accordance with cl. 36 of IFRS 7 «Financial Instruments: Disclosures», as at the end of 2013, the Company has determined the maximum exposure to credit risk in the carrying amount of cash and cash equivalents being UAH 8465 thousand (INR 63,421 thousand). Quantitative disclosures of the exposure to credit risk for financial assets are set forth below.

	31.12.2013	
	Carrying amount	**Maximum exposure**
Trade and other receivables	7	7
Cash and cash equivalents	8 465	8 465
	8 472	**8 472**

In INR

	31.12.2013	
	Carrying amount	**Maximum exposure**
Trade and other receivables	52	52
Cash and cash equivalents	63,421	63,421
	63,473	**63,473**

Credit risks to which the Company is exposed are monitored and analyzed on the case-by-case basis and management believes that the credit risk exposure is appropriately recognized in the provision for asset impairment.

Foreign exchange risk

For the Company, like for many other business entities operating in Ukraine, foreign currencies, in particular, USA dollar and Euro, play a significant part in implementation of economic transactions. As at 31 December 2013, the official exchange rate established by the National Bank of Ukraine ("NBU") was UAH 7.993 per USD 1 and UAH 11.042 per EUR 1.

Detailed information about changes in the official exchange rates of key foreign currencies for the reporting and preceding periods is set forth below.

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USA dollar	2013	2012
Average annual exchange rate	7.993	7.991
NBU exchange rate at the end of the period	7.993	7.993

EURO	2013	2011
Average annual exchange rate	10.616	10.268
NBU exchange rate at the end of the period	11.042	10.537

Cash denominated in foreign currency and trade accounts receivable and accounts payable lead to exposure of the Company to foreign exchange risk.

According to IFRS 7, currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, other than the functional currency, which is monetary by nature; risks related to currency translation are not accounted for. Exposure to foreign exchange risk mostly arises for non-functional currencies, in which the Company measures financial instruments.

Concentration of the Company's exposure to foreign exchange risk as at 31 December 2013 is presented in the Table below.

	UAH	EUR	USD	Non-financial items	Total
ASSETS					
Property, plant and equipment and intangible assets	-	-	-	616	**616**
Deferred tax assets	-	-	-	329	**329**
Inventories	-	-	-	57 347	**57 347**
Trade and other receivables	-	7	-	1 579	**1 586**
Cash and cash equivalents	5555	-	2910	-	**8 465**
Total assets	**5555**	**7**	**2910**	**59 871**	**68 343**
LIABILITIES					
Trade and other payables	(3350)	(-)	(19739)	(2 571)	**(25 660)**
Total liabilities	**(3350)**	**(-)**	**(19739)**	**(2 571)**	**(25 660)**
Net reporting position	**2205**	**7**	**(16829)**	**57 300**	**42 683**

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	UAH	EUR	USD	Non-financial items	Total
ASSETS					
Property, plant and equipment and intangible assets	-	-	-	4,615	**4,615**
Deferred tax assets	-	-	-	2,465	**2,465**
Inventories	-	-	-	429,651	**429,651**
Trade and other receivables	-	593	-	11,830	**12,423**
Cash and cash equivalents	41,619	-	179,630	-	**221,248**
Total assets	**41,619**	**593**	**179,630**	**448,561**	**670,402**
LIABILITIES					
Trade and other payables	(25,099)	(-)	(1,218,457)	(19,262)	**(1,262,818)**
Total liabilities	**(25,099)**	**-**	**(1,218,457)**	**(19,262)**	**(1,262,818)**
Net reporting position	**66,717**	**593**	**1,398,086**	**467,823**	**1,933,220**

As a consequence of crisis developments in the Ukrainian economy (see Note 4), the national currency devaluated significantly in February-March. As at 1 April 2014, foreign currency exchange rates were UAH 10.998 per USD 1 (+38%) and UAH 15.164 per EUR 1 (+37%).

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The Table below presents sensitivity of the Company's profit before tax to the current foreign currency exchange change, with other components remaining unchanged.

	Growth	Effect on profit before tax
For the year ended 31 December 2013		
Change in EUR exchange rate	+38%	0
Change in USD exchange rate	+37%	(6227)

In INR

	Growth	Effect on profit before tax
For the year ended 31 December 2013		
Change in EUR exchange rate	+38%	0
Change in USD exchange rate	+37%	(44,734)

This means that the Company is exposed to the risk of significant foreign exchange losses because of the devaluation of Ukrainian Hryvnia to USA dollar.
The Company did not perform currency risk hedging transactions. However, the Company's pricing policies envisage indexation of prices of its products in accordance with the change in purchase prices.

Liquidity risk

The liquidity risk is the risk that an entity will encounter difficulty in meeting obligations as they mature. The Company exercises thorough control and management of liquidity. The Company applies the procedure of budgeting and cash flow forecasting which ensures availability of cash resources necessary to meet the Company's payment obligations. Decisions about investments or borrowings, if necessary, are made on the basis of forecast cash flows. The credit risk management policies implemented by the Company enable it to maintain sufficient cash resources for meeting the Company's obligations as they mature.

31.12.2013	Less than 3 months	Less than 6 months	Less than 12 months	Over 1 year	Total
ACCOUNTS RECEIVABLE					
Accrued income receivables	7				7
Cash					
Cash on current account and on hand	8 465				8 465
TOTAL ASSETS	**8 472**				**8 472**
Non-trade payables (for goods, works, services)	20 385				20 385
Employee benefits provision, provision for uninvoiced delivery of goods and services, disposal	2 699				

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Current payroll payables	5	5
TOTAL LIABILITIES	**23 089**	**20 390**
NET POSITION	**(14 617)**	**(11 918)**

In INR

31.12.2013	**Less than 3 months**	**Less than 6 months**	**Less than 12 months**	**Over 1 year**	**Total**
ACCOUNTS RECEIVABLE					
Accrued income receivables	52				52
Cash					
Cash on current account and on hand	63,421				63,421
TOTAL ASSETS	**63,473**				63,473
Non-trade payables (for goods, works, services)	152,727				152,727
Employee benefits provision, provision for uninvoiced delivery of goods and services, disposal	20,221				
Current payroll payables	37				37
TOTAL LIABILITIES	**172,986**				**172,986**
NET POSITION	**(109,512)**				**(109,512)**

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Note 26. Events after the reporting date

In the period from the end of the reporting year 2013 till the date upon which this financial reporting is signed, no events occurred which could have a significant impact on these financial statements, except for national currency devaluation as a result of crisis developments in the Ukrainian economy, as referred to in Note 25.

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Note : Conversion rate used against Indian Rupees for the year 2013 and 2012 are:

i) Items relating to Profit and Loss account at Average rate: 1 UAH= 0.1392 [2012: 1 UAH =0.1513]

ii) Items relating to Balance sheet at Closing rate: 1 UAH = 0.1335 [2012: 1 UAH=0.1472]