

S.C. TERAPIA S.A.

FINANCIAL STATEMENTS

Prepared in accordance with
the Order of the Ministry of Public Finance no. 3055/2009
with subsequent amendments

31 DECEMBER 2013

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**Independent Auditors' Report
(free translation¹)**

To the shareholders of
S.C. Terapia S.A.

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of S.C. Terapia S.A. (“the Company”), which comprise the balance sheet as at 31 December 2013, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, presenting the following:
- Net assets/Total equity and reserves: 565,989 thousands lei
 - Profit for the year: 109.060 thousands lei

Management's Responsibility for the (Consolidated)/(Unconsolidated)/(Condensed) Financial Statements

- 2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 3055/2009 and related amendments and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

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

Opinion

- 6 In our opinion, the financial statements as at and for the year ended 31 December 2013 give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 3055/2009 and related amendments.

Other Matters

- 7 This independent auditors' report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for the report on financial statements and the report on conformity, or for the opinion we have formed.
- 8 The accompanying financial statements are not intended to present the financial position, results of operations, cash flows and a complete set of notes to the financial statements of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements including the Order of the Minister of Public Finance no. 3055/2009 and related amendments.

Report on conformity of the Administrators' Report with the financial statements

In accordance with the Order of the Minister of Public Finance no 3055/2009 and related amendments, article no. 318 point 2 of accounting regulations in accordance with the IV-th Directive of CEE we have read the Administrators' Report attached to the financial statements. The Administrators' Report is not a part of the financial statements. In the Administrators' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements.

**Refer to the original signed
Romanian version**

For and on behalf of KPMG Audit S.R.L.:

Aura Giurcaneanu

KPMG AUDIT S.R.L.

registered with the Chamber of Financial
Auditors of Romania under no 1517/2003

registered with the Chamber of Financial
Auditors of Romania under no 9/2001

Bucharest, 19 February 2014

Administrators' report for the year 2013

Summary data of the company:

Headquarters: Cluj-Napoca, 124 Fabricii Street

Registration number with the Commerce Register Office: J12/2038/2004

Fiscal Code: RO15357398.

The company has other places of business like:

- Cluj-Napoca, 10 Bd. Muncii - business office;
- Bucharest, 313 Splaiul Unirii - manufacturing site -without operating activity;
- Pata Rat WN, Cluj - landfill;
- Bucharest, 9-9A Bd. Dimitrie Pompeiu - business office;
- Apahida, 21 Libertatii Street - warehouse;
- Galați, 61 Alex. Cernat Street - office and warehouse;
- Constanța, 21 Vasile Lupu Street - office and warehouse;
- Timișoara, 16 Bd. C.D. – office and warehouse;
- Craiova, 6 Elena Teodorini Street - office and warehouse;
- Brașov, 60 Carpaților Street - office and warehouse;
- Iași, 151 Soseaua Păcurari Street – office and warehouse;
- Uricani, Miroslava, 120, Iasi - office and warehouse;
- Bucharest, 2 Săvinești Street - office and warehouse.

The subscribed and paid in share capital on the 31st of December 2013 amounts to INR 474,788,520 divided into 250,213,547 shares of INR 1.897 face value / share. Terapia is a closed company, its shares are not traded on the capital market.

The shareholder's structure as at 31.12.2013:

Crt. No.	Shareholder	% of the share capital
1.	RANBAXY (NETHERLANDS) BV	96.70
2.	Other shareholders, legal and individual entities	3.30
TOTAL		100.00

Ranbaxy (Netherlands) B.V. Holland. is a limited liability company with private capital, set up on the basis of the Dutch laws, having head offices in Amsterdam, Holland and the office address 55 Roskin, 1012 KK Amsterdam, Holland, registered at the Trade Register of the Amsterdam Chamber of Commerce and Industry under no. 33254757.

The first consolidation is analysed at the level of Ranbaxy Netherlands BV Holland which owns the majority of the share capital of Terapia SA. Ranbaxy Netherlands BV Holland has its head office in Holland, Amsterdam, 55 Rokin Street, 1012 KK, registered at the Trade Register of the Amsterdam Chamber of Commerce and Industry under no. 33254757.

The next level of consolidation is at Ranbaxy Laboratories Limited India's level which has the following coordinates:

Ranbaxy Laboratories Limited

A- 41, Industrial Area Phase VIII-A,

Sahibzada Ajit Singh Nagar, Mohali – 160071 (Punjab), India

Ranbaxy Laboratories Limited India is a subsidiary of Daiichi Sankyo Japan.

Main activity of SC Terapia SA:

- Manufacturing of pharmaceutical products, CAEN code 2120.

The Company's products are sold both on the domestic market and on the external markets.

I. PRESENTATION OF THE ACTIVITY AND THE RESULTS OF THE YEAR 2013

The pharmaceutical market in Romania in 2013 was marked mainly by the following factors:

- The prices for the medicines obtained on prescription have been established at an exchange rate of 4.2600 RON/EUR as compared to an average exchange rate of 4.4190 RON/EUR established by the National Bank of Romania for 2013. In 2013, prices of medicines were frozen at the level established in April 2012, the annual adjustment provided for by the regulations not being applied.
- Lack of cash in the system generated by the chronic underfinancing of the free of charge and compensated drugs consumption;
- Extended settlement period of drugs in the social health insurance system. Although the government has implemented EU Directive on non-delaying payments in 2013, a high level of effective repayment of drug compensation to pharmacies is maintained approximately at 150 days.
- Legal obligation of payment of the turnover tax (claw back tax) for holders of marketing authorizations for medicinal products.

Sales of medicines have increased in Romania by 0.8 %, over the period January – November 2013, and sales of medicines of the company, over the same period, have also increased by 7.43%, according to the market research reports of the company CEGEDIM for 11 months of 2013.

Sales of Terapia during 2013 were by 6.18% over the sales of 2012. The Chamber of Commerce and Industry of Romania has granted to the company the National Prize and the trophy for the first place in the National Top of Firms, category „Large Companies which activate in the domain of production of medicines”.

Terapia SA is the largest producer of medicines (OTC and generics) in Romania. The Company moved to 7th place in the total pharma market in Romania on MAT at November 2013 (according to the reports of the market research company CEGEDIM) from its ranking of 9th last year. The export sales are in amount of INR 1,466,699,930 representing 16.64% from the total turnover, based on which the Company is at top level of Romanian medicines producers.

The company has followed the permanent strategy of market launching of new products and consolidating its position on the local and European markets, with sales on 31 external markets.

Terapia launched 16 new products on the market and obtained 20 new market authorizations during 2013 which will assure the development of the business during 2014.

The Bioequivalence Department has started the clinical studies of bioequivalence for products which will be registered on the markets from Europe, United States of America, Australia and Brasil.

The number of employees at the end of 2013 was 859 persons as compared to 810 persons in 2012, and increased by 6.05% from the previous year. This is due to the expansion of the promotion and sales team.

1. Main events

Capital expenditure

In 2013, the investment in the new logistic centre at Cluj-Napoca headquarters was finalized. The contract for obtaining a non-reimbursable financing from European funds for a new investment was signed. The new investment aims to setting up of a unit for the research – development of new products to increase the innovation capacity and competitiveness of Terapia S.A. The construction of this unit started in December 2013, and the project will be finalized in January 2015.

In 2013, major investments were also made in technological equipment for the expansion and modernization of production.

Commercial activity

During 2013 the company embarked upon several innovative marketing and selling activities together with new products launching. Terapia operates in the market through the most important medicine distributors.

14 new products were launched on the market: Sildenafil Terapia, Solok, Levetiracetam Terapia, Cefaclor Terapia, Paduden Forte, Nebivolol Terapia, Acid Zoledronic Terapia, Irbesartan, Telmisartan, Venlafaxina Terapia, Atorvastatin Ranbaxy, Rosuvastatina Terapia, Simvastatin Terapia, Loperamid Terapia.

Authorizations

Terapia holds running authorizations and GMP certificates for all manufacturing flows.

Furthermore, the company holds GMP a certificate for good laboratory practice for the Bioanalytic Laboratory (Bioequivalence department).

The Clinical Unit from the same department is authorized by the Health Ministry to develop studies of phase I.

Terapia holds environment certificates for all its facilities, according to the applicable regulations. Moreover, the Company holds authorization for water administration.

2. Main achievements

Net turnover

The net turnover was INR 8,813,903,104/ RON 500,629,696

The sales structure in the reported period is:

- domestic sales: INR 6,944,225,622/ RON 394.432.015
- export sales of goods and services: INR 1,869,677,482/ RON 106,197,681 representing 21.21% of the net turnover.

The sales on the external markets are as follows:

	INR	RON
Russia	482,090,933	27,382,765
India	355,186,514	20,174,594
Ukraine	338,019,806	19,199,525
Germany	222,518,873	12,639,072
Other countries	471,861,356	26,801,725

The gross profit amounts to INR 2,218,675,810/ RON 126,020,786

II. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Law of Accounting no. 82/1991 republished, the Decree of Public Finance Officer of State no. 3055/2009 for approving the accounts regulations according with European instructions.

BALANCE SHEET AS AT 31 DECEMBER 2013

- INR -

Element description	Balance at		Fluctuation 2013/2012 %
	31.12.2012	31.12.2013	
A. NON-CURRENT ASSETS			
I. Intangible assets	19,143,648	39,972,751	79.22
II. Tangible assets	2,745,863,127	3,354,807,818	4.87
III. Financial assets	3,609,349	3,808,672	-9.43
NON-CURRENT ASSETS TOTAL	2,768,616,124	3,398,589,241	5.36
B. CURRENT ASSETS			
I. Inventories	851,655,765	908,024,649	-8.49
II. Receivables	5,133,511,743	6,198,619,583	3.64
III. Cash and bank accounts	1,621,023,876	2,421,380,019	28.21
CURRENT ASSETS TOTAL	7,606,191,384	9,528,024,250	7.52
C. DEFERRED EXPENSES	19,141,205	16,880,835	-24.31
D. CURRENT LIABILITIES	1,220,555,489	1,636,572,638	15.09
E. NET CURRENT ASSETS/ NET CURRENT LIABILITIES	6,404,777,101	7,908,332,448	5.98
F. TOTAL ASSETS LESS CURRENT LIABILITIES	9,173,393,225	11,306,921,689	5.79
G. NON-CURRENT LIABILITIES	0	0	0.00
H. PROVISIONS	480,918,648	556,342,277	-0.71
I. DEFERRED INCOME	10,231,547	10,754,194	-9.78
J. CAPITAL AND RESERVES			
I. Subscribed and paid capital	407,513,925	474,788,520	0.00
II. Share premiums	6,072,280	7,074,725	0.00
III. Revaluation reserves	1,678,992,883	1,819,351,594	-6.99

IV. General reserves	945,764,300	1,122,951,992	1.91
V. Retained earnings	4,066,062,394	5,246,217,154	10.74
VI. Profit of the financial period	1,577,837,248	2,069,441,233	12.57
TOTAL EQUITY	8,682,243,029	10,739,825,218	6.17

RON

Element description	Balance at		Fluctuation 2013/2012 %
	31,12,2012	31,12,2013	
I, Intangible assets	1,175,420.00	2,106,564.00	.00
II, Tangible assets	168,595,996.00	176,798,372.00	4.87
III, Financial assets	221,614.00	200,717.00	(9.43)
NON-CURRENT ASSETS TOTAL	169,993,030.00	179,105,653.00	5.36
B, CURRENT ASSETS			
I, Inventories	52,291,664.00	47,852,899.00	(8.49)
II, Receivables	315,197,621.00	326,667,252.00	3.64
III, Cash and bank accounts	99,530,866.00	127,606,727.00	28.21
CURRENT ASSETS TOTAL	467,020,151.00	502,126,878.00	7.52
C, DEFERRED EXPENSES	1,175,270.00	889,62	(24.31)
D, CURRENT LIABILITIES	74,942,107.00	86,247,378.00	15.09
E, NET CURRENT ASSETS/ NET CURRENT LIABILITIES	393,253,314.00	416,769,120.00	5.98
F, TOTAL ASSETS LESS CURRENT LIABILITIES	563,246,344.00	595,874,773.00	5.79
G, NON-CURRENT LIABILITIES	0.00	0.00	0.00
H, PROVISIONS	29,528,405.00	29,319,238.00	(0.71)
I, DEFERRED INCOME	628,217.00	566,746.00	(9.78)
J, CAPITAL AND RESERVES			
I, Subscribed and paid capital	25,021,355.00	25,021,355.00	0.00
II, Share premiums	372,838.00	372,838.00	0.00
III, Revaluation reserves	103,090,163.00	95,879,829.00	(6.99)
IV, General reserves	58,069,928.00	59,179,570.00	1.91
V, Retained earnings	249,656,231.00	276,475,644.00	10.74
VI, Profit of the financial period	96,879,207.00	109,059,553.00	12.57
TOTAL EQUITY	533,089,722.00	565,988,789.00	6.17

Non-current assets

In the reported period, the non-current assets have increased by 5.36%.

The non-current assets variation was mainly determined by:

- Reduction of assets value with an amount of INR 192,762,543/RON 10,158,586,, reduction resulted from the normal process of amortization and depreciation. Also the impairment in amount of INR 5,760,968/RON 333,603 was recorded as a result of the annual stock inventory.
- Increase of the value of non-current assets with the amount of INR 467,305,977/RON 24,627,025 following the corporate investment during 2013, mainly in technological equipment and warehouses.

Current assets

The inventories have decreased by 8.49% as compared to the beginning of the year. This decrease is due to better inventory management.

The inventories level at 31.12.2013 was correlated with the requirements of the production activity and of the sales activity which will take place during January- February 2014.

The receivables increased by 3.64 % as compared to the beginning of the year vs. sales increase of 6.18% on account of improved collections.

Cash and cash equivalents increased by 28.21% as compared to the beginning of the year.

This evolution is due to the good cash collection of current receivables and also to an efficient management of cash and cash equivalents.

At 31.12.2013, cash and cash equivalents have the following structure:

- INR -

	Balance at 31 December 2012	Balance at 31 December 2013
Cash in hand	49,465	83,423
Cash at bank	469,852,215	475,326,682
Bank deposits and public securities	-	-
Guarantees received from warehouses administrators	4,053,787	2,387,670
Short term financial investments	1,147,068,404	1,943,582,240
Total cash and cash equivalents	1,621,023,871	2,421,380,014

Current liabilities (up to one year) are current liabilities related to company activities in amount of INR 1,636,572,600./RON 86,247,376

RON

	Balance at 31-Dec-12	Balance at 31-Dec-13
Cash in hand	3,037	4,396
Cash at bank	28,848,926	25,049,716
Bank deposits and public securities	-	-
Guarantees received from warehouses administrators	248,903	12,583

Short term financial investments	70,430,000	102,426,784
Total cash and cash equivalents	99,530,866	127,606,727

Non-current liabilities

The company has no liabilities with maturity greater than one year.

Provisions

The level of provisions at 31.12.2013 decreased by 0.71% as compared to the beginning of the year. The decrease in amount of INR 3,682,518/RON 209,167 is due to the review of provision for retirement benefits. Claw back provision is the same as of 31.12.2012, in amount of INR 358,975,693/RON 18,918,019.

Shareholders' equity

Share capital – amounts to INR 474,788,520 /RON 25,021,355 and has not been modified during the reported period.

Other shareholders' equity

The shareholders equity at the end of the year amounts to INR 10,739,825,221/RON 565,988,789 registering an increase of 6.17%.

The shareholders equity evolution is due to:

- net profit for the current period in amount of INR 1,920,062,553;/RON 109,059,553
- dividends distribution in amount of INR 1,233,447,095;/RON 70,059,795
- reduction of revaluation reserve due to the land revaluation in amount of INR 107,406,532/RON 6.100,691 as of 31.12.2013.

INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2013

-INR-

PARTICULARS	Achieved 2012	Achieved 2013	Growth 2013/2012 %
1.NET TURNOVER	7,265,007,935	8,813,903,099	6.18
2. OPERATING INCOME	7,249,217,350	8,851,930,264	6.87
3. OPERATING EXPENSES	5,619,363,837	6,676,527,535	3.98
4. OPERATING PROFIT OR LOSS: Profit	1,629,853,513	2,175,402,729	16.81
5. OPERATING PROFIT MARGIN %	22	25	10.03
6. FINANCIAL INCOME	206,412,327	169,283,046	-28.22
7. FINANCIAL EXPENSES	120,417,242	126,009,965	-8.42
8. FINANCIAL PROFIT OR LOSS: Profit/ (Loss)	85,995,085	43,273,081	-55.96
9. CURRENT PROFIT OR LOSS: Profit	1,715,848,598	2,218,675,810	13.17
10.TOTAL INCOME	7,455,629,676	9,021,213,310	5.90
11.TOTAL EXPENSES	5,739,781,079	6,802,537,500	3.72
12. GROSS PROFIT OR LOSS: Profit	1,715,848,598	2,218,675,810	13.17
13. GROSS PROFIT MARGIN %	23.62	25.17	6.56
14. PROFIT TAX	223,102,727	298,613,257	17.14
15. NET PROFIT OR LOSS OF THE FINANCIAL PERIOD: Profit	1,492,745,871	1,920,062,553	12.57
16. NET PROFIT MARGIN %	20.55	21.78	5.99

PARTICULARS	Achieved 2012	Achieved 2013	Growth 2013/2012 %
1.NET TURNOVER	471,499,015	500,629,696	6.18
2. OPERATING INCOME	470,474,206	502,789,639	6.87
3. OPERATING EXPENSES	364,696,713	379,226,764	3.98
4. OPERATING PROFIT OR LOSS: Profit	105,777,493	123,562,875	16.81
5. OPERATING PROFIT MARGIN %	22,43	24,68	10.03
6. FINANCIAL INCOME	13,396,160	9,615,277	-28.2
7. FINANCIAL EXPENSES	7,815,079	7,157,366	-8.42
8. FINANCIAL PROFIT OR LOSS: Profit/ (Loss)	5,581,081	2,457,911	-56
9. CURRENT PROFIT OR LOSS: Profit	111,358,574	126,020,786	13.17
10.TOTAL INCOME	483,870,366	512,404,916	5.9
11.TOTAL EXPENSES	372,511,792	386,384,130	3.72
12. GROSS PROFIT OR LOSS: Profit	111,358,574	126,020,786	13.17
13. GROSS PROFIT MARGIN %	23,62	25,17	6.56

14. PROFIT TAX	14,479,367	16,961,233	17.1
15. NET PROFIT OR LOSS OF THE FINANCIAL PERIOD:	96,879,207	109,059,553	12.6
Profit			
16. NET PROFIT MARGIN %	20,55	21,78	5.99

OPERATIONAL ACTIVITY

Operating income

Net turnover – represents the sales less the discounts granted to the clients.

The net turnover was INR 8,813,903,104/RON 500,629,696. As compared to the previous year, the net turnover has registered a growth of 6.18% in the context of the difficult macroeconomic framework presented above.

Operating expenses

The operating expenses were influenced by:

- general economic context and sales growth;
- increase of payroll expenses due to the growth of employees.

Operating profit has increased in 2013 as compared to the previous year by 16.81% due to turnover increase, better operating margins and relatively lower cost increase Vs.Sales increase.

Following this, operating profit margin has increased in 2013 compared to 2012 by 10.03%.

FINANCIAL ACTIVITY

The financial activity generated a profit of INR 43,273,081/RON 2,457,911. The interest income is in amount of INR 54,947,923/RON 3,121,042, considering that interest rates on deposits declined significantly during the year.

The Company had no borrowings and consequently has not registered bank interest expenses in 2013.

Loss related to the exchange rate evolution is in amount of INR 11,674,842/RON 663,131.

All the above show a good cash management in the context of a financial market with high exchange rate fluctuations.

The gross profit of the reported period amounts to INR 2,218,675,810/RON 126,020,786 and it results from the operating and financial activity. It registered an increase of 13.17% as compared to the same period last year.

The income tax of the reported period amounts to INR 298,613,257/RON 16,961,233. The average tax rate is 16.00%, equal to the standard rate, due to a balance between non-deductible expenses non-taxable.

In computing the income tax the Company applied fiscal facilities according to the Fiscal Code such as:

- accelerated depreciation for technological equipment;
- supplementary deductibility for research expenses,

Net profit, profit distribution

The net profit for the period is INR 1,920,062,553/RON 109,059,553

The net profit obtained during 2013 amounting to INR 1,920,062,553/RON 109,059,553 will be distributed according to the decision of the General Shareholders' Meeting.

Compared to the beginning of the year the cash and cash equivalents increased by 28.21 % mainly due to the good cash collection of current receivables and also to a correct and good management.

The cash flow synthesis is presented below:

	- INR -	
	2012	2013
OPERATING ACTIVITY		
Cash from operating activities before changes in working capital	1,470,874,206	2,279,408,891
(Increase)/decrease in trade receivables and other current assets	-521,429,707	-189,647,447
(Increase)/decrease in inventories	104,242,727	132,645,894
Increase/(decrease) in trade payables and other payables	-445,819,569	97,141,585
Interest paid	0	0
Income tax paid	-259,695,100	-219,411,264
Cash from merger process with Terapia Distributie	70,361,680	0
Cash from operating activities	418,534,237	2,100,137,658
INVESTING ACTIVITY		
Cash used in investing activities	-101,448,151	-395,090,141
FINANCING ACTIVITY		
Cash from/used in financing activities	-1,697,403,575	-1,210,754,195
Net increase/(decrease) in cash and cash equivalents	-1,380,317,488	494,293,324
Cash and cash equivalents at 1st January	2,913,920,971	1,752,303,979
Cash and cash equivalents at 31st December	1,533,603,482	2,246,597,303

	RON	
	2,012	2,013
OPERATING ACTIVITY		
Cash from operating activities before changes in working capital	95,459,736.00	129,470,425.00
(Increase)/decrease in trade receivables and other current assets	(33,840,788.00)	(10,771,975.00)
(Increase)/decrease in inventories	6,765,352.00	7,534,287.00
Increase/(decrease) in trade payables and other payables	(28,933,690.00)	5,517,642.00
Interest paid	-	-
Income tax paid	(16,854,212.00)	(12,462,560.00)
Cash from merger process with Terapia Distributie	4,566,473.00	-
Cash from operating activities	27,162,872.00	119,287,819.00
INVESTING ACTIVITY		
Cash used in investing activities	(6,583,984.00)	(22,441,120.00)
FINANCING ACTIVITY		
Cash from/used in financing activities		

	(110,161,492.00)	(68,770,838.00)
Net increase/(decrease) in cash and cash equivalents	(89,582,605.00)	28,075,861.00
Cash and cash equivalents at 1st January	189,113,471.00	99,530,866.00
Cash and cash equivalents at 31st December	99,530,866.00	127,606,727.00

III. PERSPECTIVES ON THE GROUP'S ACTIVITY

In 2014 the Company is expecting to reach a net turnover of INR 10,667,491,761 /RON 605,913,532 with 21% above previous year.

The company's investment program includes new investment projects on expanding the production capacity at the site of Cluj-Napoca.

The main areas in which the capital expenditure will be performed are manufacturing, research and development.

ADMINISTRATOR,
Dragoş Eugen Damian

Board of Directors
Statement of Responsibility

The Board of Directors of S.C. Terapia S.A. Cluj-Napoca states through the present that it assumes responsibility for preparing the annual Financial Statements of the company as at 31 December 2013.

The Board of Directors of S.C. Terapia S.A. Cluj-Napoca confirms related to the annual Financial Statements of the company as at 31 December 2013, the following:

- a) The accounting policies used to prepare the annual Financial Statements are in conformity with the accounting regulations in force;
- b) The annual Financial Statements offer a fair image of the financial position, financial performance and other information related to the activity performed;
- c) The Company will continue its operation on the going concern basis.

The present statement is in conformity with the provisions of article 30 of the Accounting Law no. 82/1991, republished.

ADMINISTRATOR,

Dragoş Eugen Damian

Balance Sheet as at 31 December 2013
(in accordance with OMF 3055/2009)

-INR-

Element name	Row no.	Balance as of	
		The beginning of the year	The end of the year
A	B	1	2
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
1. Set-up costs (account 201-2801)	01	-	-
2. Development costs (account 203-2803-2903)	02	-	-
3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (account 205+208-2805-2808-2905-2908)	03	4,001,384	23,913,472
4. Goodwill (account 2071-2807-2907)	04	-	-
5. Advance payments and intangible assets in progress (account 233+234-2933)	05	15,142,264	16,059,270
TOTAL: (row 01 to 05)	06	19,143,648	39,972,743
II. TANGIBLE ASSETS			
1. Freehold land and buildings (account 211+212-2811-2812-2911-2912)	07	2,049,048,746	2,352,271,442
2. Plant and machinery (account 213-2813-2913)	08	516,404,235	660,965,560
3. Other plant, machinery and fixtures (account 214-2814-2914)	09	20,500,668	25,427,875
4. Advance payments and tangible fixed assets in progress (account 231+232-2931)	10	159,909,479	316,142,950
TOTAL: (row 07 to 10)	11	2,745,863,127	3,354,807,827
III. LONG-TERM FINANCIAL INVESTMENTS			
1. Investments in subsidiaries (account 261-2961)	12	-	-
2. Loans to subsidiaries (account 2671+2672-2964)	13	-	-
3. Investments in associates (account 263-2962)	14	-	-
4. Loans granted to entities related to the company on the grounds of investments in associates (account 2673 + 2674 - 2965)	15	-	-
5. Investments owned as assets (account 265-2963)	16	-	-
6. Other loans (account 2675+2676+2678+2679-2966-2968)	17	3,609,349	3,808,672
TOTAL: (row 12 to 17)	18	3,609,349	3,808,672
TOTAL NON-CURRENT ASSETS (row 06+11+18)	19	2,768,616,124	3,398,589,241
B. CURRENT ASSETS			
I. INVENTORIES			
1. Raw materials and consumables (account 301+321+302+322+303+323+/-308+351+358+381+328+/-388-391-392-3951-3958-398)	20	304,925,326	280,356,869
2. Work in progress (account 331+332+341+/-348-393-3941-3952)	21	18,927,215	12,156,471
3. Finished goods and merchandise (account 345+346+/-348+354+356+357 +361+326+/-368+371+327+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)	22	509,316,824	607,804,137
4. Advance payments for the acquisition of inventories (account 4091)	23	18,486,401	7,707,173
TOTAL (row 20 to 23)	24	851,655,765	908,024,649

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

Element name	Row no.	RON	
		Balance as of	
		The beginning of the year	The end of the year
A	B	1	2
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
1. Set-up costs (account 201-2801)	1	-	-
2. Development costs (account 203-2803-2903)	2	-	-
3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (account 205+208-2805-2808-2905-2908)	3	245,685	1,260,240
4. Goodwill (account 2071-2807-2907)	4	-	-
5. Advance payments and intangible assets in progress (account 233+234-2933)	5	929,735	846,324
TOTAL: (row 01 to 05)	6	1,175,420	2,106,564
II. TANGIBLE ASSETS			
1. Freehold land and buildings (account 211+212-2811-2812-2911-2912)	7	125,811,593	123,964,705
2. Plant and machinery (account 213-2813-2913)	8	31,707,220	34,832,885
3. Other plant, machinery and fixtures (account 214-2814-2914)	9	1,258,741	1,340,049
4. Advance payments and tangible fixed assets in progress	10	9,818,442	16,660,733
TOTAL: (row 07 to 10)	11	168,595,996	176,798,372
III. LONG-TERM FINANCIAL INVESTMENTS			
1. Investments in subsidiaries (account 261-2961)	12	-	-
2. Loans to subsidiaries (account 2671+2672-2964)	13	-	-
3. Investments in associates (account 263-2962)	14	-	-
4. Loans granted to entities related to the company on the grounds of investments in associates (account 2673 + 2674 - 2965)	15	-	-
5. Investments owned as assets (account 265-2963)	16	-	-
6. Other loans (account 2675+2676+2678+2679-2966-2968)	17	221,614	200,717
TOTAL: (row 12 to 17)	18	221,614	200,717
TOTAL NON-CURRENT ASSETS (row 06+11+18)	19	169,993,030	179,105,653
B. CURRENT ASSETS			
I. INVENTORIES			
1. Raw materials and consumables (account 301+321+302+322+303+323+/-308+351+358+381+328+/-388-391-392-3951-3958-398)	20	18,722,415	14,774,807

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

2. Work in progress (account 331+332+341+/-348-393-3941-3952)	21	1,162,131	640,646
3. Finished goods and merchandise	22	31,272,053	32,031,278
4. Advance payments for the acquisition of inventories (account 4091)	23	1,135,065	406,168
TOTAL (row 20 to 23)	24	52,291,664	47,852,899

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

II. RECEIVABLES			
1. Trade receivables (account 2675+2676+2678+2679-2966-2968+4092+411+413+418-491)	25	4,387,114,609	5,617,671,082
2. Receivables from non-consolidated associated companies (account 451-495)	26	687,144,935	497,909,070
3. Receivables from other equity investments (account 453-495)	27	-	-
4. Other receivables (account 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187)	28	59,252,199	83,039,431
5. Subscribed and not paid in share capital (account 456-495)	29	-	-
TOTAL (row 25 to 29)	30	5,133,511,743	6,198,619,583
III. SHORT TERM INVESTMENTS			
1. Investments in subsidiaries (account 501-591)	31	-	-
2. Other short term investments (account 505+506+508-595-596-598+5113+5114)	32	1,147,068,404	1,943,582,239
TOTAL (row 31 to 32)	33	1,147,068,404	1,943,582,239
IV. PETTY CASH AND BANK ACCOUNT BALANCES (account 5112+512+531+532+541+542)	34	473,955,472	477,797,780
CURRENT ASSETS - TOTAL (row 24+30+33+34)	35	7,606,191,384	9,528,024,250
C. ACCRUED EXPENSES (account 471)	36	19,141,205	16,880,835
D. LIABILITIES: AMOUNTS DUE WITHIN ONE YEAR			
1. Debenture loans (account 161+1681-169)	37	-	-
2. Amounts owed to credit institutions (account 1621+1622+1624+1625+1627+1682+5191+5192+5198)	38	-	-
3. Advance payments received for orders (account 419)	39	77,410	475,066
4. Trade debts – suppliers (account 401+404+408)	40	744,105,977	850,266,565
5. Bills of exchange payable (account 403+405)	41	-	-
6. Amounts due to non-consolidated associated companies (account 1661+1685+2691+451)	42	100,397,134	202,303,264
7. Amounts due to other equity investments (account 1663+1686+2692+453)	43	-	-
8. Other liabilities, including tax and social security contributions liabilities (account 1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	44	375,974,967	583,527,742
TOTAL: (row 37 to 44)	45	1,220,555,489	1,636,572,638
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES (row 35+36-45-63)	46	6,404,777,101	7,908,332,448
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 19+46)	47	9,173,393,225	11,306,921,689
G. LIABILITIES: AMOUNTS DUE AFTER ONE YEAR			
1. Debenture loans (account 161+1681-169)	48	-	-

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

II. RECEIVABLES			
1. Trade receivables (account 2675+2676+2678+2679-2966-2968+4092+411+413+418-491)	25	269.368.837	296.051.266
2. Receivables from non-consolidated associated companies (account 451-495)	26	42.190.699	26.239.808
3. Receivables from other equity investments (account 453-495)	27		
4. Other receivables (account 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187)	28	3.638.085	4.376.178
5. Subscribed and not paid in share capital (account 456-495)	29		
TOTAL (row 25 to 29)	30	315.197.621	326.667.252
III. SHORT TERM INVESTMENTS			
1. Investments in subsidiaries (account 501-591)	31		
2. Other short term investments(account 505+506+508-595-596-598+5113+5114)	32	70.430.000	102.426.784
TOTAL (row 31 to 32)	33	70.430.000	102.426.784
IV. PETTY CASH AND BANK ACCOUNT BALANCES(account 5112+512+531+532+541+542)			
CURRENT ASSETS - TOTAL (row 24+30+33+34)	35	467.020.151	502.126.878
C. ACCRUED EXPENSES (account 471)			
D. LIABILITIES: AMOUNTS DUE WITHIN ONE YEAR			
1. Debenture loans (account 161+1681-169)	37		
2. Amounts owed to credit institutions(account 1621+1622+1624+1625+1627+1682+5191+5192+5198)	38		
3. Advance payments received for orders (account 419)	39	4.753	25.036
4. Trade debts – suppliers (account 401+404+408)	40	45.688.107	44.809.048
5. Bills of exchange payable (account 403+405)	41	-	-
6. Amounts due to non-consolidated associated companies(account 1661+1685+2691+451)	42	6.164.384	10.661.382
7. Amounts due to other equity investments(account 1663+1686+2692+453)	43		
8. Other liabilities, including tax and social security contributions liabilities (account 1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	44	23.084.863	30.751.912
TOTAL: (row 37 to 44)	45	74.942.107	86.247.378
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES (row 35+36-45-63)			
F. TOTAL ASSETS LESS CURRENT LIABILITIES(row 19+46)	47	563.246.344	595.874.773
G. LIABILITIES: AMOUNTS DUE AFTER ONE YEAR			
1. Debenture loans (account 161+1681-169)	48	-	-

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

2. Amounts payable to credit institutions (account 1621+1622+1624+1625+1627+1682+5191+5192+5198)	49	-	-
3. Advance payments received for orders (account 419)	50	-	-
4. Trade debts – suppliers (account 401+404+408)	51	-	-
5. Bills of exchange payable (account 403+405)	52	-	-
6. Amounts due to non-consolidated associated companies (account 1661+1685+2691+451)	53	-	-
7. Amounts due to other equity investments (account 1663+1686+2692+453)	54	-	-
8. Other liabilities, including tax and social security contributions liabilities (account 1623+1626+167+1687+2693+421+ 423+424+426+427+4281+431+437+4381+441+4423+ 4428+444+446+447+4481+455+456+457+4581+ 462+473+509+5186+5193+5194+5195+5196+5197)	55	-	-
TOTAL: (row 48 to 55)	56	-	-
H. ACCRUED LIABILITIES			
1. Accrued rent and similar obligations (account 1515)	57	30,778,746	38,390,398
2. Accrued taxes payable (account 1516)	58	137,355,863	156,992,486
3. Other accrued liabilities and provisions (account 1511+1512+1513+1514+1518)	59	312,784,039	360,959,393
TOTAL ACCRUED LIABILITIES & PROVISIONS (row 57 to 59)	60	480,918,648	556,342,277
I. DEFERRED INCOME			
1. Investment subsidies (account 475)	61	10,231,547	10,754,194
2. Deferred income (account 472) - total (row 63+64) of which:	62	-	-
Amounts to be retaken in a period under a year (account 472)	63	-	-
Amounts to be retaken in a period over a year (account 472)	64	-	-
3. Deferred income related to assets received from customers transfer (ct.478)	65	-	-
Negative goodwill (account 2075)	66	-	-
TOTAL (row 61+62+63+66)	67	10,231,547	10,754,194
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed and paid in capital (account 1012)	68	407,513,925	474,788,520
2. Subscribed and not paid in capital (account 1011)	69	-	-
3. Patrimony (autonomous companies) (account 1015)	70	-	-
4. Patrimony of national research and development institutes	71	-	-
TOTAL (row 68 to 71)	72	407,513,925	474,788,520
II. PREMIUMS RELATED TO CAPITAL (account 104)	73	6,072,280	7,074,725
III. REVALUATION RESERVE (account 105)	74	1,678,992,883	1,819,351,594
IV. OTHER RESERVES			
1. Legal reserve (account 1061)	75	140,357,329	163,528,273
2. Statutory or contractual capital reserve (account 1063)	76	-	-
3. Revaluation reserve (account 1065)	77	670,401,221	802,130,493
4. Other reserves (account 1068)	78	135,005,749	157,293,226
TOTAL (row 75 to 78)	79	945,764,300	1,122,951,992

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

		RON	
2. Amounts payable to credit institutions (account 1621+1622+1624+1625+1627+1682+5191+5192+5198)	49	-	-
3. Advance payments received for orders (account 419)	50	-	-
4. Trade debts – suppliers (account 401+404+408)	51	-	-
5. Bills of exchange payable (account 403+405)	52	-	-
6. Amounts due to non-consolidated associated companies(account 1661+1685+2691+451)	53	-	-
7. Amounts due to other equity investments(account 1663+1686+2692+453)	54	-	-
8. Other liabilities, including tax and social security contributions liabilities (account 1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	55	-	-
TOTAL: (row 48 to 55)	56	-	-
H. ACCRUED LIABILITIES			
1. Accrued rent and similar obligations (account 1515)	57	1,889,815	2,023,174
2. Accrued taxes payable (account 1516)	58	8,433,650	8,273,504
3. Other accrued liabilities and provisions (account 1511+1512+1513+1514+1518)	59	19,204,940	19,022,560
TOTAL ACCRUED LIABILITIES & PROVISIONS (row 57 to 59)	60	29,528,405	29,319,238
I. DEFERRED INCOME			
1. Investment subsidies (account 475)	61	628,217	566,746
2. Deferred income (account 472) - total (row 63+64) of which:	62	-	-
Amounts to be retaken in a period under a year (account 472)	63	-	-
Amounts to be retaken in a period over a year (account 472)	64	-	-
3. Deferred income related to assets received from customers transfer (ct.478)	65	-	-
Negative goodwill (account 2075)	66	-	-
TOTAL (row 61+62+65+66)	67	628,217	566,746
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed and paid in capital (account 1012)	68	25,021,355	25,021,355
2. Subscribed and not paid in capital (account 1011)	69		
3. Patrimony (autonomous companies) (account 1015)	70		
4. Patrimony of national research and development institutes	71		
TOTAL (row 68 to 71)	72	25,021,355	25,021,355
II. PREMIUMS RELATED TO CAPITAL (account 104)	73	372,838	372,838
III. REVALUATION RESERVE (account 105)	74	103,090,163	95,879,829
IV. OTHER RESERVES			
1. Legal reserve (account 1061)	75	8,617,940	8,617,940
2. Statutory or contractual capital reserve (account 1063)	76	-	-
3. Revaluation reserve (account 1065)	77	41,162,635	42,272,277
4. Other reserves (account 1068)	78	8,289,353	8,289,353
TOTAL (row 75 to 78)	79	58,069,928	59,179,570

S.C. TERAPIA S.A.
BALANCE SHEET
As at 31 December 2013

3. Revaluation reserve (account 1065)	77	41,162,635	42,272,277
4. Other reserves (account 1068)	78	8,289,353	8,289,353
TOTAL (row 75 to 78)	79	58,069,928	59,179,570

Own shares (account 109)	80	-	-	
Gains on own equity instruments (account 141)	81	-	-	
Losses on own equity instruments (account 149)	82	-	-	
V. PROFIT / (LOSS) BROUGHT FORWARD (account 117)	Balance C	83	4,066,062,394	5,246,217,154
	Balance D	84	-	-
VI. PROFIT / (LOSS) FOR THE YEAR (account 121)	Balance C	85	1,577,837,248	2,069,441,233
	Balance D	86		
Profit appropriation (account 129)	87	-	-	
TOTAL EQUITY (row 72+73+74+79-80+81-82+83-84+85-86-87)	88	8,682,243,029	10,739,825,218	
Public patrimony (account 1016)	89	-	-	
TOTAL CAPITAL (row 88+89)	90	8,682,243,029	10,739,825,218	

Own shares (account 109)	80	-	-	
Gains on own equity instruments (account 141)	81	-	-	
Losses on own equity instruments (account 149)	82	-	-	
V. PROFIT / (LOSS) BROUGHT FORWARD (account 117)	Balance C	83	249,656,231	276,475,644
	Balance D	84	-	-
VI. PROFIT / (LOSS) FOR THE YEAR (account 121)	Balance C	85	96,879,207	109,059,553
	Balance D	86		
Profit appropriation (account 129)	87	-	-	
TOTAL EQUITY (row 72+73+74+79-80+81-82+83-84+85-86-87)	88	533,089,722	565,988,789	
Public patrimony (account 1016)	89	-	-	
TOTAL CAPITAL (row 88+89)	90	533,089,722	565,988,789	

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC MANAGER,
Sanda Codreanu

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

Profit and loss account for the year ended 31 December 2013
(in accordance to OMF 3055/2009)

	INDICES	Row no.	Financial year	
			Previous	Current
	A	B	1	2
1.	Net turnover (row 02 +03-04+ 05+06)	01	7,265,007,935	8,813,903,099
	Sales of produced goods (account 701+702+703+704+705+706+708)	02	6,528,166,995	7,736,139,419
	Sales of goods purchased for resale (account 707)	03	1,744,436,225	2,763,996,180
	Trade discounts granted (account 709)	04	1,007,595,285	1,686,232,500
	Interest income of entities cancelled from the General Register and which have leasing contracts in progress (account 766)	05	-	-
	Subsidies related to the net turnover (account 7411))	06	-	-
2.	Inventories variation (account 711)	07	-	30,450,299
	Balance C	08	-	-
	Balance D	08	36,015,208	-
3.	Own production capitalized (account 721+722)	09	-	-
4.	Other operating income (account 758+7417+7815)	10	20,224,622	7,576,874
	- out of which income from negative goodwill	11	-	-
	TOTAL OPERATING REVENUES (row 01+07-08+09+10)	12	7,249,217,350	8,851,930,272
5.	a) Expenses related to raw materials and consumables (account 601+602-7412)	13	1,199,509,307	1,466,820,194
	Other material expenses (account 603+604+606+608)	14	89,710,062	96,546,197
	b) Other utilities expenses (electricity, heating and water) (account 605-7413)	15	51,138,829	68,990,634
	Expenses regarding goods for resale (account 607)	16	1,176,472,696	1,514,146,778
	Trade discounts received (account 609)	17	29,487,596	43,067,130
6.	Personnel expenses (row 19+20)	18	982,577,504	1,232,454,173
	a) Salaries (account 641+642+643+644-7414)	19	773,990,339	971,525,458
	b) Expenses related to social security contributions (account 645-7415)	20	208,587,165	260,928,715
7.	a) Value adjustment related to tangible and intangible assets (rd.22-23)	21	211,332,573	184,721,637
	a.1) Expenses (account 6811+6813)	22	211,332,573	186,072,254
	a.2) Revenues (account 7813)	23	-	1,350,616
	b) Value adjustment for current assets (row 25-26)	24	50,865,624	-64,147,414
	b.1) Expenses (account 654+6814)	25	161,584,037	103,421,213
	b.2) Revenues (account 754+7814)	26	110,718,413	167,568,627
8.	Other operating expenses (row 28 la 31)	27	2,290,683,975	2,223,744,990
	8.1. Third party services expenses (account 611+612+613+614+621+623+624+625+627+628-7416)	28	1,355,746,225	1,628,552,975
	8.2 Other taxes, duties and similar expenses (account 635)	29	801,521,217	482,809,419
	8.3 Compensations, gifts and assets disposed (account 652+658)	30	133,416,533	112,382,596
	Expenses related to refinancing interests of entities cancelled from the General Register and which still have leasing contracts in progress (account 666)	31	-	-
	Adjustments related to provisions (rd.33-34)	32	-403,439,137	-3,682,518
	Expenses (account 6812)	33	13,591,048	5,940,335
	Revenues (account 7812)	34	417,030,185	9,622,852
	TOTAL OPERATING EXPENSES (row 13 to 116-17+18+21+24+27+32)	35	5,619,363,837	6,676,527,542
	OPERATING PROFIT OR LOSS:			
	Profit(row 12-35)	36	1,629,853,513	2,175,402,730
	Loss(row 35-12)	37	-	-
9.	Revenues from investments (account 7611+7613)	38	-	-
	- from which, income from associated companies	39	-	-

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

RON

	INDICES	Row no,	Financial year	
			Previous	Current
	A	B	1	2
1	Net turnover (row 02 +03-04+ 05+06)	1	471,499,015.00	500,629,696.00
	Sales of produced goods (account 701+702+703+704+705+706+708)	2	423,678,038.00	439,412,719.00
	Sales of goods purchased for resale (account 707)	3	113,213,911.00	156,994,983.00
	Trade discounts granted (account 709)	4	65,392,934.00	95,778,006.00
	Interest income of entities cancelled from the General Register and which have leasing contracts in progress (account 766)	5	-	-
	Subsidies related to the net turnover (account 7411))	6	-	-
2	Inventories variation (account 711) Balance C	7	-	1,729,577.00
	Balance D	8	2,337,387.00	-
3	Own production capitalized (account 721+722)	9	-	-
4	Other operating income (account 758+7417+7815)	10	1,312,578.00	430,366.00
	- out of which income from negative goodwill	11		
	TOTAL OPERATING REVENUES (row 01+07-08+09+10)	12	470,474,206.00	502,789,639.00
5	a) Expenses related to raw materials and consumables (account 601+602-7412)	13	77,848,154.00	83,315,387.00
	Other material expenses (account 603+604+606+608)	14	5,822,183.00	5,483,824.00
	b) Other utilities expenses (electricity, heating and water)(account 605-7413)	15	3,318,910.00	3,918,668.00
	Expenses regarding goods for resale (account 607)	16	76,353,078.00	86,003,537.00
	Trade discounts received (account 609)	17	(1,913,745.00)	(2,446,213.00)
6	Personnel expenses (row 19+20)	18	63,769,280.00	70,003,397.00
	a) Salaries (account 641+642+643+644-7414)	19	50,231,973.00	55,182,646.00
	b) Expenses related to social security contributions (account 645-7415)	20	13,537,307.00	14,820,751.00
7	a) Value adjustment related to tangible and intangible assets(rd,22-23)	21	13,715,484.00	10,492,189.00
	a,1) Expenses (account 6811+6813)	22	13,715,484.00	10,568,904.00
	a,2) Revenues (account 7813)	23	-	76,715.00

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	b) Value adjustment for current assets (row 25-26)	24	3,301,179.00	(3,643,573.00)
	b,1) Expenses (account 654+6814)	25	10,486,804.00	5,874,325.00
	b,2) Revenues (account 754+7814)	26	7,185,625.00	9,517,898.00
8	Other operating expenses (row 28 la 31)	27	148,665,390.00	126,308,715.00
	8,1, Third party services expenses (account 611+612+613+614+621+623+624+625+627+628-7416)	28	87,987,930.00	92,501,809.00
	8,2 Other taxes, duties and similar expenses (account 635)	29	52,018,727.00	27,423,575.00
	8,3 Compensations, gifts and assets disposed (account 652+658)	30	8,658,733.00	6,383,331.00
	Expenses related to refinancing interests of entities cancelled from the General Register and which still have leasing contracts in progress (account 666)	31	-	-
	Adjustments related to provisions (rd,33-34)	32	(26,183,200.00)	(209,167.00)
	Expenses (account 6812)	33	882,059.00	337,411.00
	Revenues (account 7812)	34	27,065,259.00	546,578.00
	TOTAL OPERATING EXPENSES (row 13 to 116-17+18+21+24+27+32)	35	364,696,713.00	379,226,764.00
	OPERATING PROFIT OR LOSS:			
	Profit(row 12-35)	36	105,777,493.00	123,562,875.00
	Loss(row 35-12)	37	-	-
9	Revenues from investments (account 7611+7613)	38	-	-
	- from which, income from associated companies	39	-	-

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

10.	Revenues from noncurrent investments and loans (account 763)	40	-	-
	- from which. income from associates	41	-	-
11.	Interest income (account 766)	42	89,495,532	54,947,923
	- from which. income from associates	43	-	-
	Other financial income (account 762+764+765+767+768)	44	116,916,795	114,335,123
	TOTAL FINANCIAL REVENUES (ROW 38+40+42+44)	45	206,412,327	169,283,046
12.	Value adjustments regarding financial assets and current asset investments (row 47-48)	46	-	-
	- expenses (account 686)	47	-	-
	- income (account 786)	48	-	-
13.	Interest expense (account 666-7418)	49	-	-
	- of which. expenses related to associated companies	50	-	-
	Other financial expenses (account 663+664+665+667+668)	51	120,417,242	126,009,965
	TOTAL FINANCIAL EXPENSES (row 46+49+51)	52	120,417,242	126,009,965
	FINANCIAL PROFIT OR LOSS			
	Profit (row 45-52)	53	85,995,085	43,273,081
	Loss (row 52-45)	54	-	-
14.	CURRENT ACTIVITY PROFIT OR LOSS			
	Profit (row 12+45-35-52)	55	1,715,848,598	2,218,675,811
	Loss (row 35+52-12-45)	56	-	-
15.	Extraordinary income (account 771)	57	-	-
16.	Extraordinary expenses (account 671)	58	-	-
	PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES			
17.	ACTIVITIES			
	Profit (row 57-58)	59	-	-
	Loss (row 58-57)	60	-	-
	TOTAL REVENUES (row 12+45+57)	61	7,455,629,676	9,021,213,318
	TOTAL EXPENSES (row 35+52+58)	62	5,739,781,079	6,802,537,507
	PROFIT OR LOSS BEFORE TAX			
	Profit (row 61-62)	63	1,715,848,598	2,218,675,811
	Loss (row 62-61)	64		
18.	INCOME TAX (account 691)	65	223,102,727	298,613,257
19.	Other tax expenses not included above (account 698)	66	-	-
20.	NET PROFIT OR LOSS FOR THE YEAR			
	Profit (row 63-65-66)	67	1,492,745,871	1,920,062,554
	Loss (row 64+65+66 or 65+66-63)	68	-	-

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC MANAGER,
Sanda Codreanu

RON

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

10	Revenues from noncurrent investments and loans (account 763)	40	-	-
	- from which, income from associates	41	-	-
11	Interest income (account 766)	42	5,808,260	3,121,042
	- from which, income from associates	43	-	-
	Other financial income (account 762+764+765+767+768)	44	7,587,900	6,494,235
	TOTAL FINANCIAL REVENUES (ROW 38+40+42+44)	45	13,396,160	9,615,277
12	Value adjustments regarding financial assets and current asset investments (row 47-48)	46	-	-
	- expenses (account 686)	47	-	-
	- income (account 786)	48	-	-
13	Interest expense (account 666-7418)	49		
	- of which, expenses related to associated companies	50	-	-
	Other financial expenses (account 663+664+665+667+668)	51	7,815,079	7,157,366
	TOTAL FINANCIAL EXPENSES (row 46+49+51)	52	7,815,079	7,157,366
	FINANCIAL PROFIT OR LOSS			
	Profit (row 45-52)	53	5,581,081	2,457,911
	Loss (row 52-45)	54	-	-
14	CURRENT ACTIVITY PROFIT OR LOSS			
	Profit (row 12+45-35-52)	55	111,358,574	126,020,786
	Loss (row 35+52-12-45)	56	-	-
15	Extraordinary income (account 771)	57	-	-
16	Extraordinary expenses (account 671)	58	-	-
17	PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES			
	Profit (row 57-58)	59	-	-
	Loss (row 58-57)	60	-	-
	TOTAL REVENUES (row 12+45+57)	61	483,870,366	512,404,916
	TOTAL EXPENSES (row 35+52+58)	62	372,511,792	386,384,130
	PROFIT OR LOSS BEFORE TAX			
	Profit (row 61-62)	63	111,358,574	126,020,786
	Loss (row 62-61)	64		
18	INCOME TAX (account 691)	65	14,479,367	16,961,233
19	Other tax expenses not included above (account 698)	66		
20	NET PROFIT OR LOSS FOR THE YEAR			
	Profit (row 63-65-66)	67	96,879,207	109,059,553
	Loss (row 64+65+66 or 65+66-63)	68	-	-

Cash flow Statement
for the year ended 31 December 2013 INR

	2012	2013
OPERATING ACTIVITIES		
Net profit before taxation and extraordinary items	1,715,848,598.00	2,218,675,810.00
Adjustments for:		
Loss / profit on disposal of fixed assets	(16,199,430.00)	(128,471.00)
Impairment, depreciation and amortization	210,515,424.00	178,848,352.00
Movement in provisions for fixed assets	3,725,794.00	5,873,310.00
Movements in provisions	(403,439,122.00)	(3,682,518.00)
Net loss/profit from interest	(89,495,516.00)	(54,947,923.00)
Movements in provision for current assets	50,865,639.00	(64,147,430.00)
Income from subsidies	(947,180.00)	(1,082,236.00)
Operating profit before changes in working capital	1,470,874,206.00	2,279,408,891.00
Decrease/(Increase) in trade and other receivables	(521,429,707.00)	(189,647,447.00)
Decrease/(Increase) in inventories	104,242,727.00	132,645,894.00
(Decrease) / Increase in trade and other liabilities	(445,819,569.00)	97,141,585.00
Cash from merger with Terapia Distribuție	70,361,680.00	-
Corporate income tax paid	(259,695,100.00)	(219,411,264.00)
Cash generated from operating activities	418,534,237.00	2,100,137,658.00
INVESTMENT ACTIVITIES		
Payments for the acquisition of tangible and intangibles assets	(215,419,368.00)	(454,598,934.00)
Proceeds from the disposal of fixed assets	16,484,160.00	1,797,794.00
Interest received	97,487,057.00	57,710,986.00
Cash generated from investing activities	(101,448,151.00)	(395,090,141.00)
FINANCING ACTIVITIES		
Loan repayment	-	-
Dividends paid	(1,697,403,575.00)	(1,210,754,195.00)
Cash generated from financing activities	(1,697,403,575.00)	(1,210,754,195.00)
Increase / (decrease) in cash and cash equivalent	(1,380,317,488.00)	494,293,324.00
Cash and cash equivalent at 1 January	2,913,920,971.00	1,752,303,379.00
Cash and cash equivalents at 31 December	1,533,603,482.00	2,246,597,303.00

ADMINISTRATOR,
Dragoș Eugen Damian

DIRECTOR ECONOMIC,
Sanda Codreanu

S.C. TERAPIA S.A.
CASHFLOW STATEMENT
for the year ended 31 December 2013

Cash flow Statement
for the year ended 31 December 2013 **RON**

	2,012	2,013
OPERATING ACTIVITIES		
Net profit before taxation and extraordinary items	111,358,574.00	126,020,786.00
Adjustments for:		
Loss / profit on disposal of fixed assets	(1,051,343.00)	(7,297.00)
Impairment, depreciation and amortization	13,662,451.00	10,158,586.00
Movement in provisions for fixed assets	241,804.00	333,604.00
Movements in provisions	(26,183,199.00)	(209,167.00)
Net loss/profit from interest	(5,808,259.00)	(3,121,042.00)
Movements in provision for current assets	3,301,180.00	(3,643,574.00)
Income from subsidies	(61,472.00)	(61,471.00)
Operating profit before changes in working capital	95,459,736.00	129,470,425.00
Decrease/(Increase) in trade and other receivables	(33,840,788.00)	(10,771,975.00)
Decrease/(Increase) in inventories	6,765,353.00	7,534,287.00
(Decrease) / Increase in trade and other liabilities	(28,933,690.00)	5,517,642.00
Cash from merger with Terapia Distributie	4,566,473.00	-
Corporate income tax paid	(16,854,212.00)	(12,462,560.00)
Cash generated from operating activities	27,162,872.00	119,287,819.00
INVESTMENT ACTIVITIES		
Payments for the acquisition of tangible and intangibles assets	(13,980,717.00)	(25,821,219.00)
Proceeds from the disposal of fixed assets	1,069,822.00	102,115.00
Interest received	6,326,910.00	3,277,984.00
Cash generated from investing activities	(6,583,985.00)	(22,441,120.00)
FINANCING ACTIVITIES		
Loan repayment		
Dividends paid	(110,161,492.00)	(68,770,838.00)
Cash generated from financing activities	(110,161,492.00)	(68,770,838.00)
	(89,582,605.00)	28,075,861.00
Increase / (decrease) in cash and cash equivalent		
Cash and cash equivalent at 1 January	189,113,471.00	99,530,866.00
Cash and cash equivalents at 31 December	99,530,866.00	127,606,727.00

ADMINISTRATOR,
Dragoş Eugen Damian

DIRECTOR ECONOMIC,
Sanda Codreanu

S.C. TERAPIA S.A.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

Statement of Changes in Equity
for the year ended 31 December 2013

INR

Elements of shareholders' equity	Balance as at 1 January	Increase		Decrease		Balance as at 31 December
		TOTAL, out of which	From transfer	TOTAL, out of which	From transfer	
0	1	2	3	4	5	6
Share capital	407,513,925	0		0	0	474,788,520
Share premium	6,072,284	0		0	0	7,074,729
Revaluation reserve	1,678,992,915	0		126,942,527	19,535,951	1,819,351,603
Legal reserve	140,357,329	0		0	0	163,528,273
Statutory or contractual reserves						
Realized revaluation reserve	670,401,221	19,535,951	19,535,951	0	0	802,130,493
Other reserves	135,005,749	0	0	0	0	157,293,226
Own shares						
Earnings related to shareholders equity instruments						
Losses related to shareholders equity instruments						
Retained earnings representing undistributed accumulated profit or accumulated losses	Cr Balance 4,235,111,971	1,705,619,842	1,705,619,842	1,448,203,697	214,756,655	5,211,709,905
	Dr Balance					
Loss from merger	Cr Balance					
	Dr Balance 198,667,394	0	0	214,756,655	214,756,655	0
Effect of first time adoption of IFRS, except for IAS 29	Cr Balance 96,665,102	0	0	0	0	112,623,098
	Dr Balance					
Retained result from correction of accounting errors	Cr Balance 10,824,235	0	0	0	0	12,611,157
	Dr Balance					
Retained result from the application of accounting regulations according to the forth Directive of the European Commission	Cr Balance					
	Dr Balance 77,871,553	0	0	0	0	90,727,009
Profit or loss for the year	Cr Balance 1,577,837,248	1,920,062,553	0	1,705,619,842	1,705,619,842	2,069,441,233
	Dr Balance					
Profit distribution						
TOTAL	8,682,243,031	3,645,218,345	1,725,155,792	3,066,009,411	1,725,155,792	10,739,825,229

S.C. TERAPIA S.A.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

RON

Elements of shareholders' equity	Balance as at 1 January	Increase		Decrease		Balance as at 31 December
		TOTAL, out of which	From transfer	TOTAL, out of which	From transfer	
0	1	2	3	4	5	6
Share capital	25,021,355	-	-	-	-	25,021,355
Share premium	372,838	-	-	-	-	372,838
Revaluation reserve	103,090,165	-	-	7,210,336	1,109,642	95,879,829
Legal reserve	8,617,940	-	-	-	-	8,617,940
Statutory or contractual reserves						
Realized revaluation reserve	41,162,635	1,109,642	1,109,642	-	-	42,272,277
Other reserves	8,289,353	-	-	-	-	8,289,353
Own shares						
Earnings related to shareholders equity instruments						
Losses related to shareholders equity instruments						
Retained earnings representing undistributed accumulated profit or accumulated losses	Cr Balance 260,035,875	96,879,207	96,879,207	82,257,970	12,198,178	274,657,112
	Dr Balance					
Loss from merger	Cr Balance					
	Dr Balance 12,198,178	-	-	12,198,178	12,198,178	-
Effect of first time adoption of IFRS, except for IAS 29	Cr Balance 5,935,237	-	-	-	-	5,935,237
	Dr Balance					
Retained result from correction of accounting errors	CrBalance 664,608	-	-	-	-	664,608
	DrBalance					
Retained result from the application of accounting regulations according to the forth Directive of the European Commission	CrBalance					
	DrBalance	0	0	0	0	
	4,781,313					4,781,313
Profit or loss for the year	CrBalance 96,879,207	109,059,553	-	96,879,207	96,879,207	109,059,553
	DrBalance					
Profit distribution						
TOTAL	533,089,722	207,048,402	97,988,849	174,149,335	97,988,849	565,988,789

S.C. TERAPIA S.A.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

Equity amounting to INR 10,739,825,221 has increased during the year 2013 with the amount of INR 579,208,926. This evolution is due to the net profit of the year amounting to INR 1,920,062,553, to the distribution of dividends amounting to INR 1,233,447,095, and reduction of revaluation reserve due to the land revaluation in amount of INR 107,406,532 as of 31.12.2013.

For conformity, the references to the Order 3055/2009 have to be understood as comprising its subsequent amendments introduced by normative regulations of the Ministry of Public Finance.

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC MANAGER,
Sanda Codreanu

Notes to the financial statements as of 31.12.2013

These financial statements were prepared by SC Terapia SA (the “Company”) for the year ended the 31 December 2013. These financial statements were prepared in accordance with the Law on Accounting no. 82/1991 republished, the Order of the Ministry of Public Finance no. 3055/2009 modified for the approval of the accounting regulations complying with the European Directives, with subsequent amendments.

NOTE 1: Non-current assets

INR

Assets elements	Gross book value			
	Balance at the beginning of the year	Increases	Disposals, transfers and other discounts	Balance of the end of the year
0	1	2	3	4
I. Intangible assets				
Licenses, trademarks and other intangibles	173,144,479	12,643,116	0	215,354,839
Other intangible assets	39,508,550	9,849,930	1,116,796	55,443,397
Advances for the acquisition of intangible assets and intangible assets in progress	18,356,287	21,024,542	22,493,046	19,803,890
Total intangible assets	231,009,316	43,517,588	23,609,842	290,602,125
II. Tangible fixed assets				
Land and land improvements	1,639,958,404	0	107,406,532	1,794,928,937
Buildings	434,844,430	101,147,025	0	615,647,040
Machinery and equipment	736,866,091	200,927,993	46,727,077	1,024,709,488
Other tangible fixed assets	26,366,873	5,874,102	394,718	36,625,332
Tangible fixed assets in progress	159,909,463	433,574,401	307,949,137	321,706,945
Total fixed tangible fixed assets	2,997,945,261	741,523,521	462,477,465	3,793,617,742
III. Financial non-current assets	3,609,349	513,433	881,338	3,808,672
TOTAL – Non-current assets	3,232,563,925	785,554,542	486,968,644	4,088,028,539

NOTE 1: Non-current assets

		RON			
Assets elements		Gross book value			
		Balance at the beginning of the year	Increases	Disposals, transfers and other discounts	Balance of the end of the year
	0	1	2	3	4
I,	Intangible assets				
	Licenses, trademarks and other intangibles	10,631,071	718,129	-	11,349,200
	Other intangible assets	2,425,825	559,476	63,434	2,921,867
	Advances for the acquisition of intangible assets and intangible assets in progress	1,127,076	1,194,194	1,277,605	1,043,665
	Total intangible assets	14,183,972	2,471,799	1,341,039	15,314,732
II,	Tangible fixed assets				
	Land and land improvements	100,693,446	-	6,100,691	94,592,755
	Buildings	26,699,448	5,745,151	-	32,444,599
	Machinery and equipment	45,243,578	11,412,710	2,654,098	54,002,190
	Other tangible fixed assets	1,618,926	333,649	22,42	1,930,155
	Tangible fixed assets in progress	9,818,441	24,627,026	17,491,511	16,953,956
	Total fixed tangible fixed assets	184,073,839	42,118,536	26,268,720	199,923,655
III,	Financial non-current assets	221,614	29,163	50,06	200,717
	TOTAL – Non-current assets	198,479,425	44,619,498	27,659,819	215,439,104

NOTE 1: Non-current assets (continued)

INR

Classification of non-current assets	Value adjustments (depreciation and adjustments for depreciation or loss of value)			
	Balance at the beginning of the year	Adjustments during the year	Decreases or disposals	Balance at the end of the year
0	1	2	3	4
I. Intangible assets				
Licenses, trademarks and other intangibles	169,329,332	3,645,757	0	201,212,524
Other intangible assets	39,322,313	985,405	1,116,796	45,672,239
Advance payments for intangible non-current assets	3,214,023	0	0	3,744,611
Total intangible assets	211,865,668	4,631,162	1,116,796	250,629,374
II. Tangible fixed assets				
Land and improvements on land	629,528	189,912	0	938,140
Buildings	25,124,560	26,066,215	0	57,366,395
Machinery and equipment	220,461,857	145,579,982	46,408,380	363,743,928
Other tangible fixed assets	5,866,189	4,442,641	394,718	11,197,457
Tangible fixed assets in progress	0	5,162,377	0	5,564,004
Total Tangible fixed assets	252,082,134	181,441,127	46,803,099	438,809,924
III. Financial non-current assets	0	0	0	0
TOTAL – Non-current assets	463,947,801	186,072,289	47,919,894	689,439,298

RON

Classification of non-current assets		Value adjustments (depreciation and adjustments for depreciation or loss of value)			
		Balance at the beginning of the year	Adjustments during the year	Decreases or disposals	Balance at the end of the year
	0	1	2	3	4
I	Intangible assets				
	Licenses, trademarks and other intangibles	10,396,821	207,079	-	10,603,900
	Other intangible assets	2,414,390	55,971	63,434	2,406,927
	Advance payments for intangible non-current assets	197,341	-	-	197,341
	Total intangible assets	13,008,552	263,05	63,434	13,208,168
I	Tangible fixed assets				
	Land and improvements on land	38,653	10,787	-	49,44
	Buildings	1,542,648	1,480,561	-	3,023,209
	Machinery and equipment	13,536,358	8,268,943	2,635,996	19,169,305
	Other tangible fixed assets	360,184	252,342	22,42	590,106
	Tangible fixed assets in progress	-	293,223	-	293,223
	Total Tangible fixed assets	15,477,843	10,305,856	2,658,416	23,125,283
I	Financial non-current assets	-	-	-	-
	TOTAL – Non-current assets	28,486,395	10,568,906	2,721,850	36,333,451

The net book value of the non-current assets as of 31 December 2013 represents the fair value, in accordance with the provisions of the Order of the Ministry of Public Finance no. 3055/2009, for the approval of the accounting regulations complying with the European Directives, and the Order of the Ministry of Public Finance 2861/2004 for the approval of the Regulations regarding the organization and performance of the inventory of assets, liabilities and equity.

Tangible fixed assets, except tangible fixed assets in progress, have been tested for value adjustments as at 31 December 2013 by a certified independent valuer, namely S.C. "EUROEVAL" S.R.L. The independent valuer has established that the book value of lands should be decreased with the amount of INR 107,406,532, and for other tangible fixed assets, the value as at 31 December 2013, according to the accounting records of the Company, is the fair value at this date.

The revaluation was made in accordance with OMF 3055/2009 with subsequent modifications and national evaluation standards issued by ANEVAR.

The tangible assets category comprises land in surface of 176,143 sqm with a net book value as at 31 December 2013 of INR 1,792,882,087/RON94,484,886. Out of this, 90,000 sqm worth INR 1,136,669,260/RON 59,902,470 are held for sale. The land held for sale is located in Cluj – Napoca, 124 Fabricii Street.

NOTE 1: Non-current assets (continued)

Furthermore, the assets owned by the company as at 31 December 2013 comprise assets which are not currently used due to the ceasing of production activity at Bucharest site. These assets have been valued at 31 December 2013 at a net book value of INR 69,145,750/RON 3,643,981. Bucharest site is held for sale either on components or as a whole.

Financial assets, amounting to INR 3,808,672/RON 200,717, comprise mainly guarantees granted to suppliers, according to the terms of agreements, in amount of INR 3,608,273./RON 190,156.

The last revision of useful economic lives of tangible and intangible fixed assets was made at 31 December 2013.

The movements in value adjustments amount to INR 7,223,908/RON 410,318.

The value of impairment provision was determined according to the book value as at 31 December 2013 and taking into consideration the usefulness of these goods for the company and also their physical condition.

The book value of the fully depreciated tangible fixed assets which are still in use as at 31 December 2013 is INR 1,424,657,059./RON 75,079,427.

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For the year ended 31 December 2013

The split on categories of fully depreciated tangible fixed assets still in use is presented below:

	INR	RON
- buildings	44,666,395	2,353,919
- technological equipment	1,084,858,539	57.172.045
- measurement, control, regulation devices and installations	151,403,359	7.978.957
- vehicles	125,368,672	6.606.929
- others	<u>18,360,152</u>	<u>967.580</u>
Total	1,424,657,059	75.079.427

NOTE 2: Provisions

INR

Classification of provisions	Balance at 31 December 2012	Transfers		Balance at 31 December 2013
		To account	From account	
0	1	2	3	4
1 Provisions for retirement benefits	30,778,746	4,587,130	2,239,261	38,390,398
2 Provisions for taxes	137,355,863	105,722	2,925,194	156,992,486
3 Provisions for environment	0	0	0	0
4 Provisions for restructuring	4,184,381	1,247,482	4,458,398	1,414,440
5 Other provisions for expenses	308,599,659	0	0	359,544,954
Total	480,918,649	5,940,335	9,622,852	556,342,278

RON

Classification of provisions	Balance at 31-Dec 2012	Transfers		Balance at 31-Dec 2013
		To account	From account	
0	1	2	3	4
1 Provisions for retirement benefits	1.889.815	260.549	127.19	2.023.174
2 Provisions for taxes	8.433.650	6.005	166.151	8.273.504
3 Provisions for environment	0	0	0	0
4 Provisions for restructuring	256.921	70.857	253.237	74.541
5 Other provisions for expenses	18.948.019	-	-	18.948.019
Total	29.528.405	337.411	546.578	29.319.238

Other provisions for expenses are provisions for the tax owed to the Health Ministry amounting to INR 358,975,693 /RON 18,918,019 and provision for environment amounting to INR 569,260,/RON 30,000 according to law in force.

The provision for taxes was built up according to the accounting regulations in force (O.M.F 3055/2009) and is calculated based on the gross distributable reserves recognized in equity and the difference between the accounting net book value and the fiscal net book value of fixed assets. The provision amounts to INR 156,992,486 /RON 8,273,504 as at 31 December 2013.

NOTE 3: Profit appropriation

Profit appropriation	2012	2013
Net profit to be distributed:	1,492,745,871	1,920,062,553
- legal reserve	-	-
- use of accounting loss	-	-
- dividends	-	-
- tax facilities	-	-
Profit not distributed	1,492,745,871	1,920,062,553
Total	1,492,745,871	1,920,062,553

	RON	
Profit appropriation	2012	2013
Net profit to be distributed:	96.879.207	109.059.553
- legal reserve	-	-
- use of accounting loss	-	-
- dividends	-	-
- tax facilities	-	-
Profit not distributed	96.879.207	109.059.553
Total	96.879.207	109.059.553

At the time of the preparation of the financial statements, no decision has been taken regarding the appropriation of the net profit amounting to INR 1,920,062,553, being the net profit generated during 2013.

In accordance with the legal provisions, following the approval of the net profit distribution by the General Shareholders Assembly, it will be reported in the financial statements for the year 2014.

NOTE 4: Operating result analysis

INR

Indicator	Previous year	Current year
1	2	3
1. Net turnover	7,265,007,935	8,813,903,099
2. Cost of goods sold and services rendered (3+4+5+6)	2,970,381,510	3,563,072,412
3. Main activity expenses	1,082,204,453	1,291,591,919
4. Cost of goods purchased	1,146,985,100	1,471,079,648
5. Costs of sundry activities	79,732,650	89,763,926
6. Indirect production expenses	661,459,307	710,636,919
7. Gross profit (1 – 2)	4,294,626,425	5,250,830,687
8. Research expenses	239,640,570	289,712,923
9. Selling expenses	1,614,523,344	1,771,119,965
10. General and administration expenses	830,833,621	1,022,171,937
11. Other operating income	20,224,622	7,576,866
12. Operating profit (7 – 8 – 9 – 10 + 11)	1,629,853,513	2,175,402,729

RON

Indicator	Previous year	Current year
1	2	3
1, Net turnover	471,499,015	500,629,696
2, Cost of goods sold and services rendered (3+4+5+6)	192,777,760	202,382,513
3, Main activity expenses	70,235,069	73,362,421
4, Cost of goods purchased	74,439,333	83,557,324
5, Costs of sundry activities	5,174,649	5,098,591
6, Indirect production expenses	42,928,709	40,364,177
7, Gross profit (1 – 2)	278,721,255	298,247,183
8, Research expenses	15,552,673	16,455,694
9, Selling expenses	104,782,565	100,599,614
10, General and administration expenses	53,921,102	58,059,366
11, Other operating income	1,312,578	430,366
12, Operating profit (7 – 8 – 9 – 10 + 11)	105,777,493	123,562,875

The Company includes under cost of goods sold the direct and indirect manufacturing costs. Research expenses, selling and marketing expenses and general administration expenses are not included in the manufacturing cost.

In order to compute the cost of goods sold, manufacturing costs are adjusted by taking into account the movements in stock during the year.

Selling expenses also include the movement in value adjustments of inventories and trade receivables. General and administration expenses also include the movement in other provisions.

NOTE 5: Receivables and payables

INR

Receivables	Balance at 31 December 2012	Balance at 31 December 2013	Maturity term	
			Under 1 year	Over 1 year
1. Trade receivables	5,060,380,382	6,376,888,250	6,376,888,250	-
2. Receivables from affiliated companies	687,144,927	497,909,078	497,909,078	-
3. Other receivables	59,252,194	83,039,422	83,039,422	-
4. Provisions for receivables	-673,265,765	-759,217,173	-759,217,173	-
TOTAL	5,133,511,737	6,198,619,577	6,198,619,577	-

LC

Receivables	Balance at 31-Dec 2012	Balance at 31-Dec 2013	Maturity term	
			Under 1 year	Over 1 year
1, Trade receivables	310,707,355	336,062,011	336,062,011	-
2, Receivables from affiliated companies	42,190,699	26,239,808	26,239,808	-
3, Other receivables	3,638,085	4,376,178	4,376,178	-
4, Provisions for receivables	-41,338,518	-40,010,745	-40,010,745	-
TOTAL	315,197,621	326,667,252	326,667,252	-

Trade receivables relate mainly to the sale of finished goods and of goods for resale.

The liquidity term is established considering the due date of the invoices as it is established in the contracts concluded with our partners. These terms do not overlap with the ageing intervals used in computation of value adjustments for receivables.

The Company's main customers are:

- Farmexpert DCI SA Bucuresti;
- Pharmafarm S.A. Cluj-Napoca;
- Mediplus Exim Bucuresti;
- Farmexim SA Bucuresti;
- Fildas Trading Bucuresti;
- Zao „, Ranbaxy” Russia
- Polisano Sibiu;
- Europharm Holding Brasov.

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INR

Payables	Balance at 31 December 2012	Balance at 31 December 2013	Repayment term		
			Under 1 year	1 – 5 years	Over 5 years
1. Suppliers - other	695,687,185	844,733,183	844,733,183		
2. Suppliers - intercompany	100,397,135	202,303,268	202,303,268		
3. Fixed assets suppliers	48,418,789	5,533,378	5,533,378		
4. Advances received from customers	77,404	475,062	475,062		
5. Payables to employees	92,058,600	119,461,442	119,461,442		
6. Social security and unemployment fund	46,930,358	57,429,962	57,429,962		
7. Taxes and duties payable	191,381,695	331,214,497	331,214,497		
8. Dividends payable	39,651,531	70,655,769	70,655,769		
9. Other liabilities	5,952,790	4,766,072	4,766,072		
10. Amounts due to credit institutions	-	-	-		
TOTAL	1,220,555,488	1,636,572,632	1,636,572,632		

RON

Payables	Balance at 31-Dec 2012	Balance at 31-Dec 2013	Repayment term		
			Under 1 year	1 – 5 years	Over 5 years
1, Suppliers - other	42,715,193	44,517,439	44,517,439		
2, Suppliers - intercompany	6,164,384	10,661,382	10,661,382		
3, Fixed assets suppliers	2,972,914	291,609	291,609		
4, Advances received from customers	4,753	25,036	25,036		
5, Payables to employees	5,652,398	6,295,618	6,295,618		
6, Social security and unemployment fund	2,881,524	3,026,559	3,026,559		
7, Taxes and duties payable	11,750,836	17,455,004	17,455,004		
8, Dividends payable	2,434,604	3,723,559	3,723,559		
9, Other liabilities	365,501	251,172	251,172		
10, Amounts due to credit institutions	-	-	-		
TOTAL	74,942,107	86,247,378	86,247,378		

As at 31 December 2013, the suppliers' liabilities comprise the liabilities for the services supplied amounting to INR 149,760,683/RON 7,892,388 for which the Company did not receive invoices until 31 December 2013.

NOTE 6: Accounting principles, policies and methods

A. ACCOUNTING PRINCIPLES

The elements included in the annual financial statements are evaluated in compliance with the following general accounting principles, according to the accrual basis of accounting. These principles are outlined below:

1. The going concern principle – this principle assumes that the Company will continue its normal operations, without initiating a dissolution procedure or significantly reducing its activity.
2. The consistency principle – this principle assumes that the Company applies consistently the same rules and standards regarding assessment, recording into accounting and presentation of assets, liabilities and results, ensuring the comparability over time of the accounting information presented.
3. The prudence principle – this principle that assumes that the Company in its assessment of the various accounting estimates made must follow a conservative approach and especially:
 - Only the realized profit up to the balance sheet date may be reflected in its results;
 - All known debts during the current financial year or during a preceding financial year must be taken into account, even if these become evident only between the balance sheet date and the financial statements issuance date;
 - All foreseeable duties and potential losses that appeared during the current financial year or during a preceding financial year must be taken into account, even if these become evident only between the balance sheet date and the financial statements issuance date;
 - All value adjustments caused by impairment must be taken into account, irrespective of whether the result for the financial year is a loss or a profit.
4. The financial year independence principle. Revenues and expenses related to the financial year are recognized, regardless of the date of collection or payment of these revenues or expenses.
5. The separate assessment principle of the assets and liabilities. According to this principle, separable assets or liabilities must be assessed separately.
6. The intangibility principle. The opening balance sheet for every financial year must correspond to the closing balance sheet of the previous financial year.
7. The non-compensation principle. Any compensation between individual assets and liabilities or between revenues and expenses is prohibited, possible compensations between receivables and payables of the entity towards the same entity may be effected, observing the relevant provisions of the laws, only after recording in the accounting records the entire value of the related revenues and expenses.

NOTE 6: Accounting principles, policies and methods (continued)

8. Substance over form principle. The presentation of values of balance sheet and income statement items is made by taking into account the economic substance of the transaction or the reported operation and not only their legal form.
9. The materiality principle. Any element that has a significant value must be separately presented in the financial statements. The elements in the balance sheet and in the profit and loss account that are preceded by numbers may be combined if:
 - their amount is insignificant; and
 - such a combination presents a higher level of clarity, on the condition that the combined elements are presented separately in the explanatory notes.

The financial statements were prepared and presented in accordance with the above mentioned principles.

B. SIGNIFICANT ACCOUNTING POLICIES

Reference currency

The financial statements are presented in RON.

Rounding of the amounts presented was made to plus or minus 1 RON based on two decimals.

Basis of preparation

These standalone financial statements of the Terapia SA were prepared in accordance with the Order of the Ministry of Public Finance no. 3055/2009, modified and completed and in accordance with the Accounting Law 82/1991 (republished).

According to the requirements of OMF 3055/2009 modified, these financial statements were prepared in accordance with the IV Directive of the European Commission and the applicable requirements of the Romanian laws and regulations.

The source accounting records, on which these financial statements are based, are maintained in RON using the historic cost basis, except where specifically mentioned in the accounting policies on a fair value basis.

The Company prepared these financial statements for 12 months ended at 31.12.2013, using the trial balance which is in compliance with the regulations outlined above.

These financial statements comprise of:

- Balance sheet;
- Profit and loss account;
- Statement of changes in equity;
- Cash flow statement and
- Explanatory notes.

NOTE 6: Accounting principles, policies and methods (continued)

Translation of amounts denominated in foreign currency

Transactions denominated in foreign currency made by the Company are registered in RON at the rate of exchange in force at the date of the transaction.

Exchange rate differences resulting from these transactions and from the translation of assets and liabilities denominated in foreign currency are presented in the profit and loss account. These balances are translated into RON at the rate of exchange in force at the balance sheet date, as published by the National Bank of Romania.

As of 31.12.2013, the exchange rates for conversion of balances expressed in foreign currency were 1 USD = 3.2551 RON, 1 EUR = 4.4847 RON, 1 GBP = 5.3812 RON and 1 CHF = 3.6546 RON.

Comparative statements

For each element of the balance sheet, profit and loss account and the related explanatory notes to the financial statements, where considered necessary, the values of the corresponding elements for the previous financial year are presented.

If the values for the prior period are not comparable with the ones of the current year, this aspect is presented and explained in the explanatory notes.

Tangible fixed assets

Tangible fixed assets are initially recorded at their acquisition cost, production cost, contribution value or fair value, as the case may be, depending of the way of entrance into the company.

The Group recognizes as tangible fixed assets those assets which are intended for use on a continuing basis and which have an entry value established by law.

Tangible fixed assets are presented in the balance sheet at cost less accumulated depreciation and impairment, if applicable.

Tangible fixed assets that are disposed in the year are eliminated from the balance sheet together with the corresponding accumulated depreciation.

Gains or losses resulting from the disposal of a tangible fixed asset are determined as the difference between the disposal proceeds and their unamortized value, including the disposal costs, and are presented in the profit and loss account under revenues or expenses, as applicable.

Subsequent expenses corresponding to a tangible fixed asset are generally recognized as an expense in the period in which they are incurred.

Significant improvements (modernizations) are capitalized if they extend the useful life of the asset, or significantly increase the estimated economic benefits to be derived from the use of these assets in the future.

Repairs and minor improvements are recognized in the profit and loss account as incurred.

NOTE 6: Accounting principles, policies and methods (continued)

Land and buildings owned by the company are presented at fair value which is equal with the market value. The accounting of land is held on two categories: land and land improvement.

Tangible assets in progress represent investments in progress carried out under the own administration or by contract. They are valued at the production costs or the acquisition cost, as the case may be.

The tangible assets in progress are included under the category of assets completed after taking over, commissioning or putting into operation thereof, as the case may be.

Depreciation

The depreciation of tangible fixed assets is calculated using the straight-line method, starting from the month following their commissioning, so that the cost or the value of the assets may be expensed over their entire estimated useful lives.

The useful lives established for different tangible fixed assets categories are presented in the following table:

Category	Years
Buildings	10-50
Technological equipment	3-20
Measurement, control, regulation devices and installations	3-15
Vehicles	3-15
Furniture, office equipment, other tangible fixed assets	3-10

The depreciation period and the remaining useful lives of the tangible fixed assets are reviewed periodically in order to ensure that they are consistent with the estimated flow of the economic benefit resulting from their usage.

Land is not depreciated. Land improvements depreciate on a period of 10 years from the date of the reception.

Revaluation

Revaluation of tangible fixed assets is carried using their fair market value, as of the balance sheet date, by qualified valuation experts.

Revaluation is carried out on a regular basis, so that the accounting value of tangible fixed assets will not differ substantially from that which would be determined using their fair value as of the balance sheet date.

At the revaluation of a tangible asset, the accumulated depreciation at the revaluation date is eliminated from the asset gross book value and the net value, assessed further to the correction by the value adjustments, is recomputed at the asset revaluated value.

NOTE 6: Accounting principles, policies and methods (continued)

Intangible assets

Intangible assets are recognized when the realization of future economic benefits by the Company is probable and the asset's cost may be accurately assessed.

Intangible assets are initially recorded at their acquisition or production cost. Following initial recognition, intangible assets are presented in the balance sheet at their original cost, less accumulated amortization and impairment, if applicable.

An intangible asset reported initially as an expense will not be recognized afterwards as a part of the cost of an intangible asset.

Subsequent expenses corresponding to an intangible fixed asset and also the writing off or the demise of the intangible assets follow the rules of tangible assets.

Intangible assets comprise:

- set up costs;
- development costs;
- concessions, patents, licenses, trademarks, similar rights and assets, except for those created inside the entity;
- goodwill;
- other intangible assets;
- pre-payments and intangible assets in progress.

The intangible assets of the Company include manufacturing patents (product dossiers) and software.

New software is capitalized at its acquisition cost, provided that the software component is not included with the cost of the respective hardware.

The intangible assets in progress are intangible assets which are not finished until the end of the period, and which are evaluated at the production cost or the acquisition cost, as the case may be.

Intangible assets depreciation

Intangible assets are depreciated on a linear basis on the useful life time specified for each category of intangible assets. The useful life time is established for each category of intangible assets. The period and the depreciation method are reviewed at the end of each financial year.

The software is depreciated on a linear basis on the useful life time estimated, but no more than 3 years.

The fabrication licenses are depreciated on a linear basis on a period between one and five years depending on the value of the intangible asset.

The set up costs are depreciated on a maximum period of 5 years.

NOTE 6: Accounting principles, policies and methods (continued)

The development costs are depreciated on the contract period or on the utilization period, as the case may be.

The concessions are depreciated on the usage period established by the contract.

When the goodwill is treated as an asset – as a result of the acquisition of other entity's shares - we have to consider the following constraints:

- a) goodwill is depreciated on a period of maximum five years;
- b) nonetheless, the entity can depreciate the goodwill in a systematic way on a period over five years, with the condition that this period should be no longer than the economic useful life of the asset and to be presented and justified in the notes.

Financial investments

The financial assets comprise the shares in affiliated companies, the loans granted to affiliated companies, the participating interests, the loans granted to companies with which the company in cause is connected in virtue of participating interests, other investments held as assets, other loans.

The financial assets which are recognized as assets shall be evaluated at the acquisition cost or the value assessed by the contract of acquiring thereof.

Financial assets shall be disclosed in the balance sheet at the entry value, less the cumulated adjustments for the loss in value.

CURRENT ASSETS

Acknowledgment and valuation of current assets

An asset is classified as a current asset under the following conditions:

- a) is acquired or produced for own use or for sale and is expected to be realized in a period of 12 months from the balance sheet date;
- b) is represented by receivables from the operational activity;
- c) is represented by non-restricted cash or cash equivalents.

Current assets must be valued at their acquisition cost or production cost, as the case may be, and respecting the paragraph below.

The adjustments in the value of current assets are made for the purpose of their presentation at the smallest market value or, under special circumstances, at another minimum value which can be assigned at the balance sheet date.

Inventories

At the entry in the company, the stocks are valued at the acquisition cost. The cost of stocks must include all costs related to the acquisition and processing, as well as other costs incurred to bring the stocks under the current shape and at the location where they are.

NOTE 6: Accounting principles, policies and methods (continued)

Raw materials and consumables are valued at acquisition cost.

The finished goods are registered during the month at standard cost. At the end of the month it is being calculated the effective cost of production. The differences between the standard cost and the effective cost of the finished goods are registered in differences accounts so the finished goods are registered in the trial balance and the balance sheet at the effective cost.

The selling or the consumptions of the finished goods is done at the effective cost, attaching to each article that goes out its effective cost. The differences for the articles that go out are established as the difference between the value of the products out at standard cost and the value of the products out at effective cost.

The semi-finished goods are registered during the month at standard cost. At the end of the month the effective cost of semi-finished goods is being calculated ; the procedure is similar with the one for finished goods.

The production cost of the finished goods and semi-finished goods contains:

- direct production costs (raw materials and consumables, according to the manufacturing recipes);
- labour costs and technological utilities costs;
- other indirect production costs.

Work in progress refers to the orders begun and unfinished at the end of the month. Work in progress is registered at the production cost which contains direct material costs and indirect production costs.

The merchandise represents goods that are purchased with the purpose of being sold and are registered at acquisition cost.

At the selling or the consumption, the inventories are valued in accounting using the method “weighted average cost” (WAC).

At the balance sheet date the inventories are valued at net realizable value. For this purpose, when it is the case, in accounting are reflected the adjustments for depreciation of value.

The value of inventory write-offs is calculated as follows:

	Criteria (Ageing)	allowance level
- raw material and packaging materials without movements	> 1 year	15%
	> 2 years	50%
	> 3 years	100%
- raw material and packaging materials inadequate		100%
- work in progress	> 6 months	50%
	> 1 year	100%
- finished goods and goods for resale:		
- expired		100%
- shelf life	< 6 months	100%
- shelf life	6 months – 1 year	50%

NOTE 6: Accounting principles, policies and methods (continued)

- shelf life	> 1 year but under 50% from the validity term	25%
- spare parts without utilization	available	100%
- other inventories inadequate and unsalable	available	100%
- other inventories inadequate and saleable	available	-
- other inventories inadequate and saleable	available	Diff between the realizable price and the price from accounting

When the company's management considers that there exists a supplementary risk related to inventories, risk which is not covered by the adjustments mentioned above, a supplementary value adjustment will be recognised.

For finished goods and goods for resale a supplementary value adjustment is recognised, if it is needed, computed as difference between the cost at recording into accounting, net off all the value adjustments mentioned above, and the net selling price.

As for purchased goods in foreign currency, that are accompanied by an invoice or a transfer document, for which the invoice will come afterwards, the exchange rate used for accounting registration is the one from the date of the reception of the goods.

The inventories are evidenced in synthetic accounts, on inventory categories. The analytic evidence is organized on a quantity-value base, on each article, on article groups and administrations.

Short term investments

Short term investments include the titles owned to affiliate entities and other short term investments (bond purchased for realizing profit on a short term shares), short term bank deposits.

On initial recognition, the short term investments are valued at the acquisition cost (purchasing cost, or the value established in contracts).

Foreign currency short term bank deposits are booked at creation at the exchange rate communicated by the National Bank of Romania at the date of creation.

The liquidation of the foreign currency short term bank deposits is made at the exchange rate communicated by the National Bank of Romania at the liquidation date.

Upon exit from the entity the short term investments are valued using WAC.

If necessary, at the balance sheet date can be recorded in accounting adjustments for losses in value.

Cash and cash equivalents

The bank accounts include: assets to be received such as checks and trade bills deposited with the banks, local and foreign currency liquidities, entity's check books, short term bank credits as well as the interests related to liquid assets and bank credits in the current accounts.

NOTE 6: Accounting principles, policies and methods (continued)

The accounting of cash existing in the banks/entity's cashier desk as well as of its movement resulted from the receipts and payments made in cash, are kept separately in RON and foreign currency.

The current bank accounts are developed in the analytic on each individual bank.

The operations referring to the foreign currency amounts received and payments shall be recorded in accounting books at the rate of exchange of the day in which the operations have been made, as communicated by the National Bank of Romania.

At the end of each month, the exchange rate differences resulting from the valuation of liquid assets in foreign currency and other treasury values, such as state bonds in foreign currency, letters of credit and short term deposits in foreign currency, communicated in the last banking day of each month by the National Bank of Romania, are recorded in the accounting books as financial revenues or expenses from currency exchange differences, as applicable.

Third parties

The accounting system of third parties ensures the records of the debts and the receivables of the entity in its relation with the suppliers, the clients, the personnel, the social security, the state budget, the affiliated companies, the shareholders/partners, various debtors and creditors.

The operations regarding purchases or deliveries of commodities and products, works performed or services supplied, as well as other operations performed are recorded in the accounting books of suppliers and customers.

The accounting of settlements with the personnel comprises salary rights, raises, additional amounts, prizes from salary fund, indemnities for holidays as well as those for temporary work incapacity and other rights in cash and/or in kind owed by the entity to the personnel in consideration for the work supplied and which is to be borne, according to regulations in force, from the salary fund.

The accounting of settlements regarding social contributions comprises liabilities for the social security contribution, health insurance contribution and unemployment contribution.

The settlements with the state budget and special funds comprise: tax on profit/income, value added tax, income tax, subsidies to be received and other similar taxes, fees and payments.

The profit/income tax payable must be recognized as a debt within the unpaid amount. If the amount paid exceeds the amount due, then the surplus must be recognized as debenture.

The Company computes profit tax for the individuals financial statements prepared in accordance with the law in force of the Parent company as well as for its subsidiary.

The value added tax owed to the state budget shall be determined as the balance between the value of the chargeable tax related to the goods delivered or services performed (input VAT) and the value of the deductible tax for purchases of goods and services (output VAT).

NOTE 6: Accounting principles, policies and methods (continued)

Other taxes, fees, and payments owed to the state budget or to local budgets comprise: excise tax, tax on buildings, tax on lands, payments from the net profit of utility companies, dividends tax, tax on transportation means, duties for the use of state owned lands and other taxes and fees. These taxes are separated in the analytical accounting by types of taxes, fees and other payments owed to the state budget or to local budgets.

The excise taxes and special funds included in prices or tariffs are recorded in the appropriate debts accounts without passing through income and expenses accounts.

The accounting of settlements within the group companies and with the shareholders/partners includes the operations that are reciprocally recorded in books during the same administration period both in the debtor entity's accounting and in that of the creditor entity, as well as the settlements between the shareholders/partners and the entity in respect of the share capital, the dividends owed there to, other settlements with the shareholders/partners, and also the participants' accounts in respect of the joint transactions in the case of the partnership associations.

Dividends distributed to shareholders, proposed or stated after the balance sheet date, as well as other similar distributions performed from the profit, need not be recognized as a liability upon the balance sheet date.

The entity's debts/debentures to other third parties, other than to the own personnel, clients and suppliers are recorded in books under the various debtors accounts.

Taxes payable are recorded for the period for which they are due.

During the annual inventory, for the depreciation of the receivables balances (customers, sundry debtors, related parties), the Company records adjustments.

The policy for receivables value adjustments is presented below:

- For customer in litigation will be recorded provision of 100%, at the level of outstanding balance.
- For debts older than 365 days from the invoice date will be recorded a provision of 100%.
- For domestic customers, others than those mentioned above in paragraphs 1 and 2 there will be recorded a provision based on risk analysis that the company is exposed by dividing the company litigations occurred in the last financial years to the average customer balance for the same financial years.

The percentage result applying the litigations to the average customer balance is applied to year end domestic customer balance resulting the provision corresponding the current financial year.

During the year, it will follow the same procedure keeping the percentage results from dividing the litigations to year end average customer balance applied to respective month customer balance.

- Specific provision in relation to the customer balances for which, at the balance sheet date, there are objective indications that will become insolvent or bankrupt.

NOTE 6: Accounting principles, policies and methods (continued)

In order to compute the provision/adjustment according to the information presented above, the promissory notes are not considered.

The receivables and payables in foreign currency, as a result of the transactions incurred by the company are recorded in accounting both in RON and in foreign currency. A foreign currency transaction has to be initially recorded at the exchange rate communicated by the National Bank of Romania from the date of the transaction.

The foreign currency exchange differences as compared to the date of the settlement of receivables and debts in foreign currencies at rates of exchange different from those initially recorded in books during the month or as compared to those at which they were disclosed in the previous month must be recognized as revenues or expenses during the period when they are derived or incurred.

When the receivables or the debts in foreign currency are settled during the same month as that when they occurred, the entire foreign exchange difference shall be recognized in that month. When the receivable or the debt in foreign currency is settled during a later month, the foreign exchange difference which occurs until the settlement shall be assessed taking into account the change of the exchange rate occurred during each of such month.

At the end of each month, the receivables and the debts in foreign currency are revalued at the exchange rate communicated by the National Bank of Romania from the last banking day of that month. The exchange rate differences encountered are recorded as exchange rate revenues or expenses, as the case may be.

The above provisions are applicable to the receivables and debts in local currency whose settlement is made according to the exchange rate of a foreign currency. In this case, the exchange rate differences encountered are recognized in accounting under other financial revenues or other financial expenses, as the case may be.

The accounting books of third parties are kept by categories, in distinct accounts and the analytical accounts for each individual or legal person, grouped by documents and due dates.

Accounting of commitments and of other off-balance items

The rights and liabilities, as well as certain goods that cannot be included in the entity's assets and liabilities are recorded in books under accounts off the balance sheet called order accounts and record accounts.

This category includes commitments (endorsements, bails, guarantees) granted or received in relation to third parties, tangible assets taken on hire, material values received for processing or repair in keep or custody, debtors removed from assets and further pursued, royalties, administrations, rental fees and other similar debts, discounted trade bills not due yet, as well as other securities.

NOTE 6: Accounting principles, policies and methods (continued)

A distinct category of off-balance items are the contingent assets and debts.

A contingent asset is a potential asset which appears as a result of events before the balance sheet date and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a) a potential liability as a result of past events occurred before the balance sheet date and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity, or
- b) a present obligation as a result of past events occurred before the balance sheet date but which is not recognized because :
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of obligation cannot be measured with sufficient reliability.

The contingent assets and liabilities are not shown in the balance sheet. Information is disclosed in the notes to the financial statements.

Short term debts: amounts which must be paid during a period up to one year

A debt must be classified as a short term debt, also referred to as current debt, when:

- a) it is expected to be settled during the normal operating cycle of the entity;
- b) it is chargeable within 12 months as of the balance sheet date.

Long term debts: amounts which must be paid during a period exceeding one year

The accounting of loans and debts similar to loans is kept under the following categories: loans from bonds and repayment premiums thereof, long and short term bank loans, amounts due to affiliated companies and to those to which participating interests are held, other similar loans and debts, as well as interest related thereof.

Provisions

A provision is recognized when the Group has a current (legal or constructive) obligation resulting from a past event, when it is likely that an outflow of resources carrying economic benefits may result from the settlement of these obligations, and when the value of the payment can be measured reliably.

Provisions are reviewed at the end of each year and adjusted in order to reflect an accurate estimation of the losses that might occur, estimation made taking into consideration all the information known at the moment when the financial statements are prepared.

Provisions are set for items such as:

- a) litigations, fines or penalties, damages, compensations and other uncertain debts;

NOTE 6: Accounting principles, policies and methods (continued)

- b) expenses in connection to the service activity during the guarantee period and other expenses regarding the guarantee granted to the clients;
- c) restructuring activities;
- d) retirement pensions and other similar liabilities;
- e) taxes;
- f) other provisions.

The Company sets provisions for litigations, retirement pensions and other similar liabilities, environment expenses and for other taxes.

The Company records the provisions for taxes in relation to amounts representing future fiscal consequences of items that currently generate taxable temporary differences between their accounting base and tax base.

Subsidies

Subsidies comprise subsidies related to assets and subsidies related to revenues.

The following shall be disclosed separately under subsidies:

- government subsidies;
- non-reimbursable loans like subsidies;
- other amounts received as subsidies.

A government subsidy may take the form of the transfer of a non-monetary asset, and in this case the subsidy and the asset shall be recorded in books at the fair value.

Inventory excess of tangible and intangible assets and the donations are also recorded in accounting under the subsidy accounts.

The subsidies shall be systematically recognized as revenues of the periods corresponding to related expenses which these subsidies are to off-set.

The subsidies are not recorded in books directly under the capital and reserves accounts.

Capital and Reserves

Equity and reserves represent the shareholders' rights over the assets of an entity after deducting all liabilities.

The subscribed and paid in share capital is separately recorded in the accounting books, based on the incorporation articles of the legal person and the justifying documents as regards the capital payments.

Share premiums (issuance, merger, contribution, conversion) are the excess of the issuance value less the par value of the shares or social parts.

The accounting of reserves is kept by reserve categories as follows: legal reserves, statutory reserves or contractual reserves and other reserves.

NOTE 6: Accounting principles, policies and methods (continued)

In accordance with the Romanian legislation, companies must allocate an amount equal to at least 5% of the profit before taxation to legal reserves, until the value of the legal reserves reaches 20% of the value of capital. Once the legal reserves reach this level, the Group may allocate additional funds to the legal reserves, depending on its own requirements.

Statutory or contractual reserves are formed on annual basis from the entity's net profit, according to the provisions in its incorporation articles.

Other reserves not provided for by law or by statute may be formed optionally, based on the net profit, to cover the accounting losses or for other purposes, according to the decision of the general shareholders or partners meeting, by observing the legal provisions.

Revaluation reserves

Pluses or minuses resulted from the revaluation of non-current assets are recognized in revaluation reserve.

The revaluation reserves decrease can be made only in the limit of the existing credit balance.

The revaluation reserve must be reduced to the extent that the amounts transferred there to be no longer necessary for the implementation of the valuation method used and the achievement of its purpose.

The revaluation reserves of non-current assets have a non-distributable character.

The revaluation surplus included in revaluation reserve is capitalized through direct transfer in reserve, as long as the surplus is achieved.

The gain is considered realized as long as it is used by the entity.

Transfer between reserves is realized on a quarterly basis and at the end of the financial year.

The value of the transferred reserve is equal with the difference between depreciation of the asset computed at the gross revaluated value and the depreciation computed at the initial cost of the asset.

Profit and loss

Profit and loss is established on a cumulative basis from the beginning of the financial period. The final result of the financial period is established at the end of the exercise and represents the final balance of the profit and loss account.

The distribution of the profit is registered in accounting based on destination after the approval of the financial statements.

The profit distribution is made in accordance with the general meeting of the shareholders according to the Romanian law.

The amounts representing reserves created from the profit of the current financial year are shown under the account "Profit appropriation", according to legal provisions.

NOTE 6: Accounting principles, policies and methods (continued)

The profit which is not distributed is transferred to retained earnings.

The accounting loss reported is covered from the profit of the financial exercise and the reported one, from reserves, and equity, in accordance with the general meeting of the shareholders, according to the Romanian law.

Revenues

Revenues are increases of economic benefits registered during an accounting period as inputs or increases of assets or decreases of liabilities, which materializes as a growth of shared capitals, other than the shareholders contribution.

Revenues are recognized in the profit and loss account when it is likely that the Company will derive the benefits associated with the underlying transactions, and a reliable estimate of the value of these benefits can be made.

The accounting of revenues is kept depending on the types of revenues, according to their nature, as follows:

- a) operating revenues;
- b) financial revenues;
- c) extraordinary revenues.

Operating revenue comprise:

- a) revenues from the sale of products and commodities, work performed and services supplied;
- b) revenues from stocks variation;
- c) revenues from the production of assets;
- d) revenues from operating subsidies;
- e) other revenues from the current activity.

Revenues from the sale of goods are recorded in accounting books at the moment of handing over the goods to the purchaser, of the delivery of the goods based on invoice or in other conditions as provided for in the contract, which certify the transfer of the ownership right on such goods, to the clients.

Revenues from the sale of goods are recognized at the moment when the following conditions are met:

- a) the entity has transferred the material risks and benefits deriving from the ownership of goods to the purchaser;
- b) the entity does not administrate the sold goods and does not have control over them;
- c) revenues and expenses respectively derived or incurred by the transaction may be quantified,
- d) it is probable that the economic benefits will be generated for the entity and
- e) the costs of the transaction can be valued in a credible manner.

Financial revenues comprise:

- a) revenues from financial assets;
- b) revenues from short term investments;
- c) revenues from debentures set;
- d) revenues from financial investments ceded;
- e) revenues from foreign exchange differences;

NOTE 6: Accounting principles, policies and methods (continued)

- f) revenues from interest;
- g) revenues from discounts received further to financial reductions;
- h) other financial revenues.

The financial discounts are given for a non-commercial scope, usually for stimulating the client to pay early or to stimulate him to use a certain payment form. It is not committed to a certain product but to a value and to a payment frequency.

The financial discounts received are registered as financial revenues for the period.

Extraordinary revenues are revenues that arise from events or transactions which are clearly different from the entity's ordinary activities and which, as a result, are not expected to repeat on a frequent or a regular basis; for example expropriations or natural disasters.

Expenses

Expenses are decreases of economic benefits registered during an accounting period as outputs or decreases of value of assets or increases of liabilities, which materializes as a decrease of shared capitals, other than the shareholders withdrawals.

The accounting of expenses is kept on types of expenses, according to their nature, as follows:

- a) operating expenses;
- b) financial expenses;
- c) extraordinary expenses.

Operating expenses includes:

- a) expenses for raw materials and consumables; the acquisition cost of consumed inventory objects; acquisition costs of not stocked materials, directly passed as expenses; the equivalent of the energy and water consumed; the value of animals and birds; the cost of goods sold and of packages;
- b) expenses for works and services supplied by third parties, royalties and rental; insurance premiums; studies and research; expenses for other services performed by third parties (collaborators); commissions and fees; protocol, advertising and publicity expenses; transport of goods and personnel; travels, official trips and transfers; postage expenses and telecommunication duties, banking services and others;
- c) personnel expenses (salaries, social security and other personnel expenses which are borne by the entity);
- d) other operating expenses (losses from debentures and various debtors; compensations, fines and penalties; donations and other similar expenses; expenses regarding ceded assets and other capital expenses etc.).

Financial expenses, which comprise:

- a) losses from debentures in connection to participations;
- b) expenses regarding financial expenses;

NOTE 6: Accounting principles, policies and methods (continued)

- c) unfavourable foreign currency differences;
- d) interest regarding the current financial year;
- e) discounts granted to clients;
- f) losses for debentures of financial nature and others.

Financial discounts granted to the customers are booked in accounting as financial expenses of the period.

Extraordinary expenses are expenses that arise from events or transactions which are clearly different from the entity's ordinary activities and which, as a result, are not expected to repeat on a frequent or a regular basis; for example expropriations or natural disasters.

Turnover

The profit and loss account comprises: the net turnover, incomes and expenses of the financial year grouped by their nature, as well as the result of the period (profit or loss).

For purposes of these regulations, the net turnover is computed by summing up the income resulted from deliveries of goods, performance of services and other operating income, less trade rebates granted to the clients and value added tax and other taxes related directly to the turnover.

Trade rebates are granted to customers for specific product during a specific period of time and have the purpose to increase the sales of that product for that period of time. This kind of trade rebates will generate a decreasing of trade incomes and also of the net turnover.

Retirement, post retirement and termination benefits

- Short-term employee benefits

Short-term employee benefits comprise salaries and contributions to social security funds. They are recognized as expenses in the period in which they are paid. Both the Company and the employees have the obligation to contribute to the National Retirement Fund. The Company has no obligation of paying other future benefits. The only obligation in this respect is the payment of the contributions to the National Retirement Fund by the due date.

- Retirement benefits

Upon retirement the employees receive a bonus equal with to a gross average salary in compliance with the provisions of the collective labour agreement. The Company did record provisions for these obligations.

- Benefits upon closing of individual labour agreements

The Company has an obligation to compensate employees in case it terminates their individual labour agreements, as a result of making the respective employees redundant. The magnitude of the related termination benefits payable depends on the position held and the number of years of employment with the Group. Termination benefits obligations are recorded when the related reorganization plan is adopted

NOTE 6: Accounting principles, policies and methods (continued)

by the management of the Group or when the expenses are made if there is no reorganization plan in force, according to the Collective labour Agreement.

Leasing contracts

The leasing contract is an agreement, through which the leaser gives to the lessee, in exchange of a payment or a serial of payments, the right to use a good for a period of time.

Financial leasing

The financial leasing is the leasing operation which transfers the most important part of the risks and advantages of a property right over an asset.

A leasing contract can be known as a financial leasing if it fulfils at least one of the following conditions:

- a) the leasing transfers to the lessee the property right over the good until the leasing contract is finished;
- b) the lessee has the option to buy the good at a price estimated to be small enough comparing to the market value at the date when the option becomes realizable, so that, at the beginning of the leasing contract there exists in a reasonable way the certitude that the option will be realized,
- c) the leasing contract duration covers for the most part the economic life time of the good, even if the property right is not transferred;
- d) the total value of the leasing rates, less the accessories costs, is greater or equal to the acquisition value of the good, represented by price paid by the leaser for the good, respectively the acquisition price,
- e) the goods that represent the object of the leasing contract have a special nature, so that only the leaser can utilize them without any major modifications.

The leasing payments are separated between the interest and the diminution of the leasing debt to obtain a constant interest rate that applies to the final balance of the debt. The interest expense is registered directly into the profit and loss.

The acquisition of mobile and immobile goods, in the case of financial leasing, are treated as investments, being depreciated on a consequent base with the normal depreciation policy used for similar goods.

Operational leasing

The operational leasing is the leasing operation that is not included in the financial leasing category.

The payments for an operational leasing contract are recognized as expenses in the profit and loss account, linear during the leasing contract.

Leaseback

A selling transaction of a long term asset and a rental transaction of the same asset in leasing (leaseback) are registered as follows (taking into account the leasing contract):

- a) if the transaction of selling and renting the same asset has as a result a financial leasing, the transaction represents a way through which the leaser gives to the lessee a financing, in this

NOTE 6: Accounting principles, policies and methods (continued)

case the asset is considered a guarantee. The financing beneficiary (lesser) will not insert in accounting the selling operation of the fixed asset, because the conditions to recognize income are not met. The fixed asset will remain recorded at the value before the leasing operation, with the corresponding depreciation regime;

- b) if the sell and lease operation of the same fixed asset has as result an operational leasing, the selling party accounts a selling transaction, including the recording of the fixed asset as being taken out of accounting, along with all the amounts that have been cashed or have to be cashed.

Related parties

Parties are considered to be related if one of the parties has the ability to control, partially control or to exercise significant influence over the other party due to the following aspects:

- a) owns the majority of the voting rights of the shareholders or associates in other entity, named subsidiary;
- b) it is a shareholder or associate of an entity and the majority of the members of the administration, management and supervising authorities of the entity (subsidiary) which have been named in these functions during the financial year, during the previous financial year and by the time the annual consolidated financial statements were prepared were named only as a result of exercising its voting rights;
- c) it is a shareholder or associate of a subsidiary and owns by itself the control over the majority of voting rights of the shareholders or associates of that subsidiary, as a result of an agreement concluded with other shareholders or associates;
- d) it is a shareholder or associate of a subsidiary and has the right to exercise a dominant influence over that subsidiary, based on a contract concluded with the entity or on a clause in the constutive deed or statute, if the regulation applicable to the subsidiary allows such contracts or clauses;
- e) Parent Company has the power to exercise or effectively exercises a significant influence or control over a subsidiary;
- f) it is shareholder or associate of a subsidiary and has the right to appoint or revoke the majority of the members of the administration, management and supervising bodies of that subsidiary;
- g) Parent Company and the subsidiary are managed on a unified basis by the Parent Company.

The subsidiary represents an entity under the control of other entity, named Parent Company.

A transaction with related parties is a transfer of resources, services or obligations between related parties without being of importance if a price is charged.

Interests

Interest on capital borrowed to finance the acquisition, the construction or the production of assets with long manufacture cycle is not included in the production costs.

Interest expenses are written-off in the Profit and Loss account in the period which they refer to.

NOTE 6: Accounting principles, policies and methods (continued)

Events occurring after the balance sheet date

The events subsequent to the balance sheet date are those events, either favourable or unfavourable, which take place between the balance sheet date and the date on which the statements on the annual accounts are to be approved under the law.

The events which occur after the balance sheet date may supply additional information. If the additional information leads to the need to record certain incomes or expenses in books, then such records must be made, in order to give a true and fair view. This information shall also be disclosed in the notes on accounts.

Correction of accounting errors

The accounting errors may relate either to current period or to previous periods.

Previous period errors are omissions and misstatements in the financial statements.

Correction of errors is made at the date of their acknowledgement.

Correction of the errors of the current period is made in the profit and loss account.

Correction of the significant errors of the previous period is made in retained earnings.

Minor errors related to previous periods are also corrected in retained earnings. Still, they can be corrected in the profit and loss account if the errors are immaterial.

Immaterial errors are those that do not influence the information presented in the financial statements. It is considered that an error is material if it influences the economic decisions taken by the users of the financial statements. The analysis of the nature of an error is made considering the individual or cumulated value of the elements.

In case of correcting the errors which generate a carried forward accounting loss, such loss must be covered before performing any profit distribution.

The correction of errors from previous financial statements must not lead to changes in those financial statements.

In case of correcting errors from previous financial statements, these corrections must not adjust the comparative information presented in the financial statements.

NOTE 7: Investments and sources of finance

As of 31 December 2013, share capital amounted to INR 474,788,520,/RON 25,021,355 and was divided into 250,213,547 /RON 250,213,547 fully paid shares with a nominal value of INR 1.897. Subscribed capital is fully paid.

At the beginning of the year 2013, the capital amounted to INR 474,788,520/RON 25,021,355.

The Company had no corporate bond certificates in issue as of 31 December 2013 and 31 December 2012.

NOTE 8: Information regarding the employees, the administrators and the directors

No advance payments or credits were granted to the administrators of the Company.

Average number of employees for the period ended on:	31.12.2012	31.12.2013
Workers	253	249
Technical, economic and administrative personnel	530	552
Total	783	801

Number of employees on:	31.12.2012	31.12.2013
Workers	260	253
Technical, economic and administrative personnel	550	605
Total	810	858

Payroll expenses	INR		RON	
	2012	2013	2012	2013
Gross salaries during the year	752,480,616	945,986,937	48,835,992	53,732,058
Lunch ticket expenses	21,509,723	25,538,526	1,395,981	1,450,588
Social insurance contributions	153,903,267	194,860,810	9,988,322	11,068,094
Social health insurance contributions	38,561,618	48,778,239	2,502,649	2,770,604
Contributions to the unemployment fund	3,609,260	4,587,289	234,241	260,558
Contributions to the fund for labour accidents and illnesses	3,151,464	2,618,028	204,53	148,704
National health fund contributions	6,274,730	7,973,363	407,23	452,887
Preliminary salaries taxes	3,086,826	2,110,986	200,335	119,904
TOTAL	982,577,504	1,232,454,177	63,769,280	70,003,397

NOTE 9: Analysis of main financial ratios

FINANCIAL RATIOS	VALUE	VALUE
	2012	2013
1. LIQUIDITY RATIOS		
A. CURRENT LIQUIDITY RATIO – <i>index</i> - (current assets/current liabilities)	6.24	5.83
B. ACID TEST RATIO - <i>index</i> - (current assets - inventories/current debts)	5.55	5.28
2. RISK RATIOS		
A. GEARING RATIOS		
(long term loans/equity)*100	Shall not be calculated	Shall not be calculated
(long term loans/(equity + loan long term portion)*100	Shall not be calculated	Shall not be calculated
B. INTEREST COVERAGE RATIO		
(profit before interest and corporate income tax / interest expense) – RON	Shall not be calculated	Shall not be calculated
3. ACTIVITY RATIOS		
A. STOCK TURNOVER - number of rotations (cost of sales / average inventory balances)	3.51	4.04
B. STOCK DAYS – days- (average inventory balances / sales cost x 365)	104.12	90.31
C. DEBTORS' DAYS–days- (average trade debtors' balances / turnover)*365	208	231
D. RECEIVABLES TURNOVER - number of rotations (turnover / non-current assets)	2.77	2.80
E. TOTAL ASSETS TURNOVER - number of rotations (turnover / total assets)	0.74	0.73
4. PROFITABILITY RATIOS		
A. RETURN ON CAPITAL EMPLOYED % (profit before interest and corporate income tax / (equity +loan long term portion))	20.89	22.27
B. GROSS PROFIT MARGIN % (gross profit / turnover x 100)	59.11	59.57
5. PROFITABILITY PER SHARE		
A. EARNING PER SHARE - RON/ <i>share</i> (net distributable profit / weighted average number of ordinary shares)	0.39	0.44
Net distributable profit	1,492,745,871	1,920,062,553
Weighted average number of ordinary shares used in the calculations	250,213,547	250,213,547

NOTE 10: Other information

a) General information regarding the Company:

SC Terapia SA is a Romanian Company, part of the Ranbaxy Group since 7 June 2006, engaged in the production of pharmaceutical products, The Company's headquarters are located at 124 Fabricii Street, Cluj- Napoca, Romania.

The Company has the following branches:

- Cluj Napoca, B.dul Muncii no. 10 – business offices;
- Bucharest, Splaiul Unirii , no. 313 – manufacturing site – without operating activity;
- Pata Rat no. FN, county Cluj – residual products warehouse;
- Bucharest, B.dul Dimitrie Pompeiu no, 9 – 9A –business offices;
- Apahida, Libertatii no. 21, Cluj county - pharmaceutical products warehouse;
- Galați, Alex Cernat street, no.61, level 3, hall 2, Galați county - business office and warehouse;
- Constanța, Vasile Lupu street, no.21, Constanța county, business office and warehouse;
- Timișoara, Bld. C.D. Loga, no.16, ap.1, 1st floor, Timiș county - business office and warehouse;
- Craiova, Elena Teodorini street,no.6, Dolj county - business office and warehouse;
- Brașov, Carpaților street, no.60, hall 156 (camber hall) 2nd floor - business office and warehouse;
- Iași, Soseaua Păcurari (ex dn 28 Iași-Tg.Frumos) no.151, (body D1, offices: D1-4, D1-5, D1-6 and D1-7 from building C1-business office and warehouse.
- Uricani, Miroslava, 120, Iasi - office and warehouse;
- Bucharest, 2 Săvinești Street - office and warehouse.

The shareholding structure as of 31 December 2013 was as follows:

Ranbaxy (Netherlands) BV	96.70%
Other shareholders - individuals	3.30%
Total	100.00%

The immediate parent company of the Ranbaxy Group is Ranbaxy (Netherlands) BV, is a limited liability company, organized under Dutch laws, with headquarters at 55 Rokin, 1012 KK, Amsterdam, Netherlands, and is registered with the Trade Registry in Amsterdam under registration number 33254757.

NOTE 10: Other information (continued)

The ultimate Parent Company of the Group is Ranbaxy Laboratories Limited, a limited liability company, organized under Indian laws, with registered office:

Ranbaxy Laboratories Limited
A- 41, Industrial Area Phase VIII-A,
Sahibzada Ajit Singh Nagar, Mohali – 160071 (Punjab), India

At 31.12.2013, the shares representing 63.92% of the share capital of Ranbaxy India Company are owned by Daiichi Sankyo Japan.

The audit fees for 2013 amount to INR 8,749,173/RON 496,953 from which INR 4,880,282/RON 277,200 are due for Statutory Financial Audit.

Management structure as of 31 December 2013:

At the end of the year, the Company's Management consisted of the following individuals:

Position	Name
General Manager	Damian Dragoş-Eugen
Human Resources Manager	Kaupert Erika
Economic Manager	Codreanu Sanda
Financial Manager	Arora Hemant
Operations Manager	Mogalipuvvu Sreedhar
Commercial Manager	Ungureanu Bogdan Alin

Members of the Board of Directors as of 31 December 2013:

Name	Position
Sanjeev I. Dani	Preşedinte
Dragos Damian - Eugen	Membru
Rajiv Gulati	Membru
Molhotra Ashwani Kumar	Membru
Deshmukh Subodh Shrinivas	Membru

b) Information regarding the corporate income tax

The corporate income tax payable by the Company for the current year amounts to INR 337,407,306/RON 19,164,735. The average tax rate is 16.00%, equal to the standard rate, due to a balance between non-deductible expenses non-taxable.

The Company had an accounting profit of INR 2,218,675,811/RON 126,020,786 for the year ended 31 December 2013 and a taxable profit of INR 2,206,035,759/Ron 125,302,831. Also, during 2013 the company submitted corrective statements related to previous years, calculating a reduction in income tax in the amount of INR 38,794,049./RON 2,203,502.

The reconciliation between the accounting profit and the taxable profit is presented below:

NOTE 10: Other information (continued)

Crt. no.	Indicators	Row	2012	2013
			Value	Value
1	Accounting profit before tax	01	1,715,848,598	2,218,675,811
2	Amounts related to income from reprocessing	02		
3	Deductions	03	200,515,532	243,280,827
	Out of which:			
	- deductible tax depreciation and amortization		153,907,565	184,615,000
	- deductibility regarding research expenses		20,970,154	52,131,461
	-deductible provisions		25,637,812	6,534,366
4	Non-taxable income	04	461,947,550	174,787,236
	Out of which:			
	- other non-taxable income		461,947,550	174,787,236
5	Non-deductible expenses	05	546,900,539	405,428,011
	Out of which:			
	- fines, taxes and penalties due to the Romanian Authorities		2,376,841	206,602
	- protocol and sponsorship expenses in excess of the allowable level		40,477,874	38,653,979
	- non-deductible provisions		178,845,300	102,857,975
	- other non-deductible expenses, including accounting depreciation		325,200,524	263,709,454
6	Losses in prior years	06	-	-
7	Taxable profit (row 01 + row 02 – row 03-row 04 + row 05- row 06)	07	1,600,286,055	2,206,035,759
8	Total corporate income tax	08	256,045,763	352,965,721
	Out of which:			
	- corporate income tax at the rate of 16 %		256,045,763	352,965,721
9	Corporate income tax reductions calculated in accordance with applicable regulations	09	17,098,968	15,558,415
10	Corporate income tax due (row 08 – row 10)	10	238,946,795	337,407,306
11	Income tax related to previous years' rectifications	11	15,844,068	38,794,049
12	Income tax due (row 10- row 11)	12	223,102,727	298,613,257
13	Net accounting profit (row 01 - row 12)	13	1,492,745,871	1,920,062,555

Crt. no.	Indicators	Row w	RON	
			2012 Value	2013 Value
1	Accounting profit before tax	1	111,358,574	126,020,786
2	Amounts related to income from reprocessing	2		
3	Deductions	3	13,013,458	13,818,351
	Out of which:			
	- deductible tax depreciation and amortization		9,988,601	10,486,132
	- deductibility regarding research expenses		1,360,963	2,961,067
	-deductible provisions		1,663,894	371,152
4	Non-taxable income	4	29,980,396	9,927,915
	Out of which:			
	- other non-taxable income		29,980,396	9,927,915
5	Non-deductible expenses	5	35,493,845	23,028,311
	Out of which:			
	- fines, taxes and penalties due to the Romanian Authorities		154,257	11,735
	- protocol and sponsorship expenses in excess of the allowable level		2,627,014	2,195,546
	- non-deductible provisions		11,607,060	5,842,333
	- other non-deductible expenses, including accounting depreciation		21,105,514	14,978,697
6	Losses in prior years	6		
7	Taxable profit (row 01 + row 02 – row 03-row 04 + row 05- row 06)	7	103,858,565	125,302,831
8	Total corporate income tax	8	16,617,370	20,048,453
	Out of which:			
	- corporate income tax at the rate of 16 %		16,617,370	20,048,453
9	Corporate income tax reductions calculated in accordance with applicable regulations	9	1,109,723	883,718
10	Corporate income tax due (row 08 – row 10)	10	15,507,647	19,164,735
11	Income tax related to previous years' rectifications	11	1,028,280	2,203,502
12	Income tax due (row 10- row 11)	12	14,479,367	16,961,233
13	Net accounting profit (row 01 - row 12)	13	96,879,207	109,059,553

c) Turnover	INR		RON	
	2012	2013	2012	2013
Net turnover:	7,265,007,935	8,813,903,104	471,499,015	500,629,696
Out of which, for:				
- domestic sales	5,661,924,807	6,944,225,622	367,458,920	394,432,015
- export sales	1,603,083,128	1,869,677,482	104,040,095	106,197,681

NOTE 10: Other information (continued)

The total net turnover was derived from sales made in the following countries:

	INR	RON
	2013	2013
Romania	6,944,225,616	394.432.015
Russia	482,090,933	27.382.765
India	355,186,514	20.174.594
Ukraine	338,019,806	19.199.525
Germany	222,518,873	12.639.072
Other countries	471,861,356	26.801.725
	8,813,903,099	500.629.696

Net turnover comprises the amounts from sale of goods and rendering of services during 2013.

d) Other information

Operational leasing – the Company leased through a concession agreement land over a 25-year period, starting from year 1998. Concession royalties payable for the year 2013 amount to INR 221,743/RON 12,595. The concession royalties paid during the year 2013 are based on the amount payable for year 2012 increased with the annual inflation rate.

As of the balance sheet date, the Company has a credit facility with Unicredit Tiriac Bank Romania amounting to EUR 1,000,000 used as security for the issuance of letters of guarantee and for financing the current expenses and a facility of 600,000 EUR as a guarantee for Forex contracts. This credit facility represents an off balance sheet item and, consequently, is not reflected in the balance sheet of the Company as at 31 December 2013.

The amount paid for consultancy services during 2013 amounts to INR 14,049,982/RON 798,039 and relates to the following:

- management consultancy fees, amounting to INR 12,767,835/RON 725,213;
- other consultancy services fees, amounting to INR 1,282,148./RON 72,826.

NOTE 11: Allowances and impairment provisions against the value of current assets

Allowances and impairment provisions were made in relation to the impairment of assets, risks and potential losses resulting from the Company's operational activities, in accordance with the prudence principle.

Provisions for receivables, payables and inventories

For clients and inventories, the company recorded allowances and impairment provisions according to the accounting policies presented on Note 6.

In respect of inventories, besides the provisions recorded according to the accounting policy, the Company has presented in the financial statements supplementary allowances amounting to INR 29,417,837/RON 1,550,320 for goods for resale, INR 1,025,427/RON 54,040 for finished goods and INR 17,040 for raw materials. Management considers that there is an increased risk for these goods of not being sold.

Impairment provision against the carrying value of tangible fixed assets and current assets

Impairment provisions were recorded for tangible fixed assets based on the information received from the inventory commissions regarding the physical condition and usefulness of these assets for the Company,

The movement during 2013 in the value of provisions against the value of non-current and current assets during the year ended 31 December 2012 is presented in the following table:

INR					
Crt. No.	Name of the value adjustments	Balance at 31 December 2012	Movements during the year		Balance at 31 December 2013
			Increase	Reversal	
0	1	2	3	4	5=2+3-4
1	Impairment provision for fixed assets	125,909,439	7,223,910	1,350,608	153,025,466
2	Allowances for inventories	111,222,354	75,025,616	129,524,229	70,845,001
3	Allowances for doubtful trade receivables' balances	673,265,765	14,668,120	38,044,405	759,217,173
4	Allowances for doubtful sundry debtors' balances	0	0	0	0
TOTAL		910,397,558	96,917,645	168,919,241	983,087,640

RON

Crt, No,	Name of the value adjustments	Balance at 31-Dec 2012	Movements during the year		Balance at 31-Dec 2013
			Increase	Reversal	
0	1	2	3	4	5=2+3-4
1	Impairment provision for fixed assets	7,730,839	410,318	76,715	8,064,442
2	Allowances for inventories	6,829,053	4,261,455	7,356,976	3,733,532
3	Allowances for doubtful trade receivables' balances	41,338,518	833,149	2,160,922	40,010,745
4	Allowances for doubtful sundry debtors' balances	0	0	0	0
TOTAL		55,898,410	5,504,922	9,594,613	51,808,719

NOTE 12: Capital investments and leasing contracts

During 2013 the investments in tangible and intangible assets amounted to INR 454,598,926./RON 25,821,219

Investments performed during 2013 are for the main activities of the company as follows:

- technological equipments	85.40%
- quality control	4.79%
- development of products	2.22%
- information technology and office equipment	6.09%
- R&D	1.50%

The Company has no ongoing financial lease on 31.12.2013.

NOTE 13: Related parties

Transactions and balances with related parties

Transactions with related parties are carried out on an arm's length basis.

The value of the transactions that the Company entered into during 1 January 2013 – 31 December 2013 with the Ranbaxy Group companies, as well as the related balances as of 31 December 2013 are presented below:

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

Transactions

	INR		RON	
	2012	2013	2012	2013
Purchases of goods and services				
Ranbaxy Laboratories India–purchases of goods and services	258,591,495	363,343,644	16,782,588	20,637,919
Ranbaxy Ireland- purchases of goods	700,382,481	927,653,592	45,454,823	52,690,724
Ranbaxy Spain- purchases of goods	410,401	-	26,635	-
Daiichi Sankyo Europe Gmbh- purchases of goods	41,725,331	83,605,757	2,707,974	4,748,807
Daiichi Sankyo Company Ltd. purchases of goods	44,473,482	56,447,570	2,886,329	3,206,222
Daiichi Sankyo Company Ltd.- services	2,536,148	3,946,479	164,596	224,16
Ranbaxy Europe Ltd. – London (consultancy)	13,771,772	14,133,063	893,788	802,758
Ranbaxy Ireland - services	90,031	509,947	5,843	28,965
Ranbaxy Poland Sp Zoo - services	33,489,368	46,018,187	2,173,460	2,613,833
Ranbaxy Farmaceutica LTD- Brazil - services	1,070,046	1,171,673	69,446	66,551
Total	1,096,540,555	1,496,829,912	71,165,482	85,019,939

NOTE 13: Related parties (continued)

	INR		RON	
	2012	2013	2012	2013
Sales of goods and services				
ZAO Ranbaxy Russia- sales	580,493,451	482,090,933	37,674,025	27,382,765
Ranbaxy (UK) Ltd. – London	87,745,162	108,333,715	5,694,661	6,153,355
Ranbaxy Pharmacie Generique France	45,762,589	19,595,335	2,969,992	1,113,015
Basics GMBH	160,172,096	204,781,718	10,395,169	11,631,602
Ranbaxy Ireland	12,879,492	30,156,215	835,879	1,712,873
Ranbaxy Belgium	-	-	-	-
Ranbaxy Poland Sp Zoo	180,293	-	11,701	-
LLC Ranbaxy Pharmaceuticals Ukraine	139,596,903	336,471,708	9,059,839	19,111,593
Ranbaxy Italy Spa	10,563,251	8,989,982	685,555	510,631
Ranbaxy Portugal	542,881	-	35,233	-
Ranbaxy Spain	5,795,085	3,956,197	376,101	224,712
Ranbaxy Europe Ltd. – London – services	38,590,231	42,050,246	2,504,506	2,388,454
Ranbaxy Laboratories India – services	145,429,029	332,930,810	9,438,344	18,910,470
Daiichi Sankyo Europe Gmbh	5,576,333	18,173,183	361,904	1,032,237
Total	1,233,326,795	1,587,530,042	80,042,909	90,171,706

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

Balances	INR		RON	
Payables	31.12.2012	31.12.2013	31.12.2012	31.12.2013
Ranbaxy Laboratories India suppliers	1,107,329	23,084,465	67,99	1,216,551
Ranbaxy Ireland - suppliers	29,369,283	111,801,366	1,803,274	5,891,932
Daiichi Sankyo Europe GmbH	15,703,567	37,299,297	964,199	1,965,673
Daiichi Sankyo Company Ltd.	15,756,792	16,874,250	967,467	889,273
Ranbaxy Europe Ltd	1,586,254	3,063,644	97,396	161,454
Ranbaxy Pharmacie Generique	-	-	-	-
Ranbaxy Laboratories SL Spain	-	-	-	-
Ranbaxy (UK) Ltd. – London	1,475,521	865,624	90,597	45,618
Ranbaxy Poland Sp Zoo	35,398,371	9,316,517	2,173,460	490,98
Total	100,397,117	202,303,264	6,164,383	10,661,382

Receivables	31.12.2012	31.12.2013	31.12.2012	31.12.2013
ZAO Ranbaxy Russia - customers	435,094,935	234,102,357	26,714,829	12,337,194
Ranbaxy (UK) Ltd. – London	5,027,020	17,986,563	308,659	947,891
Ranbaxy Pharmacie Generique France	34,855,570	4,257,912	2,140,132	224,392
Ranbaxy Laboratories India	44,168,127	213,055,237	2,711,923	11,228,011
Ranbaxy Europe Ltd.	7,596,368	6,866,721	466,417	361,853
Ranbaxy Italy SPA	10,379,544	8,401,281	637,304	442,748
Ranbaxy Portugal	-	-	-	-
Basics GMBH	10,669,707	16,603	655,12	875
Ranbaxy Ukraine	144,746,042	-58,258	8,887,407	-3,07
Ranbaxy Laboratories SL Spain	68,518	3,102,953	4,207	163,526
Ranbaxy Ireland	3,692,899	10,178,142	226,744	536,388
Total	696,298,730	497,909,062	42,752,742	26,239,808

NOTE 14: Inventories

Stock description	31 December 2012	31 December 2013	31 December 2012	31 December 2013
Raw materials and consumables	308,009,982	287,168,115	18,911,813.00	15,133,760.00
Work in progress	18,927,207	12,156,474	1,162,131.00	640,646.00
Finished products	244,780,283	326,196,416	15,029,509.00	17,190,551.00
Goods purchased for resale	372,674,245	345,641,455	22,882,199.00	18,215,305.00
Advance payment for the purchase of inventories	18,486,405	7,707,165	1,135,065.00	406,168.00
Provisions against the carrying value of inventories	-111,222,354	-70,844,987	(6,829,053.00)	(3,733,531.00)
Total inventories	851,655,768	908,024,639	52,291,664.00	47,852,899.00

NOTE 15: Contingent liabilities

The Romanian Government has agencies authorized to perform controls of the companies which develop their activity in Romania. These controls are similar in nature with the tax controls performed by the tax authorities from the majority of the countries of European Union but can be extended not only to tax aspects but also to other legal aspects and regulations in the domains in which those agencies perform. It is probable that the Company will make the object of regular controls as new laws and regulations are issued.

The Group considers that all fiscal liabilities for the year 2013 were recorded and presented in the financial statements.

The Company has as at 31 December 2013 letters of guarantee amounting to INR 82,884,061/RON **4,367,990** issued for the following:

- execution and administration of the residual waste warehouse located in Cluj-Napoca, Pata Rat;
- lease contract for the office premises located in Bucharest, Bld. Dimitrie Pompeiu, no. 9-9A-secondary branch;
- public acquisition contract concluded with UM 0510 Bucharest representing guarantee for execution;
- pre-financing guarantee contract R&D warehouse concluded with Ministry of Education.

Capital commitments as at 31.12.2013 are in amount of INR 139,122,535/RON **7,902,160** out of which INR 78,163,556/RON **4,439,690** are related to buildings, INR 28,754,824/RON **1,633,274** are related to software, INR 15,375,018/RON **873,301** are related to technological equipments, INR 9,502,711/RON

539,754 are related to measuring and control equipment and INR 7,326,426/Ron **416,141** are related to information technology.

The Emergency Order no. 104/2009 published in the Official Monitor no. 669/07.10.2009 for the amendment and completion of Law no. 95/2006 regarding the Health reform established that the owners of market authorizations, for drugs issued on prescription, who collect money from marketing on the Romanian market of those drugs, should pay a quarterly contribution for financing of some health expenses.

NOTE 15: Contingent liabilities (continued)

The norms and instructions of the Ministry of Health and of the National House of Health Insurance for implementing the provisions of the Emergency Ordinance no. 104/2009 represent an insufficient framework for establishing the payment obligations related to the quarterly contribution for financing of health expenses.

The provisions of Law no. 95/2006 regarding healthcare reform established by the Emergency Ordinance no. 104/2009 have been revoked by the Emergency Ordinance no. 77/2011 published in the Official Gazette no. 680/26.09.2011.

Considering the regulations mentioned above there exists the risk that subsequent obligations might be established for the Company regarding this tax (claw back) for period 01.10.2009 – 30.09.2011 and accordingly the Company has booked a provision for risks and expenses.

Since the fourth quarter of 2011, based on the Emergency Ordinance 77/201, the tax payment obligations regarding claw back were calculated by the company based on information received from the National Health Insurance House. The calculated and paid amounts by the company were INR 149,699,032 for the quarter April 2011 and INR 238,951,954 for the first quarter of 2012. The company contested the information received and sued the National Health Insurance House. For the fourth quarter 2011 and first quarter of 2012, the company obtained the first-instance judgment for cancellation of the notifications received from the National Health Insurance House. The two decisions are not final. Decision for the fourth quarter 2011 was already appealed by the National Health Insurance.

In 2013, the contract for obtaining a non-reimbursable financing from European funds for a new investment in amount of INR 198,934,208/RON 11,299,463 was signed, for the implementation of a total investment of INR 514,136,866./RON 29,202,974 The new investment aims to setting up of a unit for the research – development of new products to increase the innovation capacity and competitiveness of Terapia S.A. The construction of this unit started in December 2013, and the project will be finalized in January 2015.

NOTE 16: Cash and cash equivalents

-INR-

Description	31 December 2012	31 December 2013	31 December 2012	31 December 2013
Petty cash and other values	49,465	83,423	3,037	4,396
Cash at bank	469,852,215	475,326,682	28,848,926	25,049,716
Bank account balances and bonds	0	-	-	-
Guarantees received from warehouse keepers	4,053,787	2,387,670	248,903	125,83
Short term financial investments	1,147,068,404	1,943,582,240	70,430,000	102,426,784
Total cash and cash equivalents	1,621,023,871	2,421,380,014	99,530,866	127,606,727

The Company has at 31 December 2013 restricted cash balances amounting to INR 2,387,670/RON 125,830 representing guarantees received from warehouse keepers.

NOTE 17: Risk management

The following is a summary of the nature of activities and management policies with respect to risk management:

i) Foreign currency risk and inflation

The Company is exposed to currency risk through sales and purchases transactions that are denominated in currencies other than RON. The currency giving rise to this risk is primarily the Euro currency.

Important exchange restrictions and controls exist relating to converting RON into other currencies. Currently, there is no other market for conversion of RON in foreign currency outside Romania.

In respect of monetary assets and liabilities held in currencies other than RON the Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and where necessary, uses forward operations. As at 31.12.2013, the company has forward contracts for sale of foreign currency with subsequent due date, amounting to INR 49,821,796/ RON2,829,878.

The value of monetary current assets and current liabilities held in local and foreign currencies at 31 December 2013 can be analysed as follows:

	RON	USD	EUR	Other currencies	Total
Current assets					
Trade receivables	5,571,250,873	0	267,941,271	276,388,008	6,115,580,152
Cash and cash equivalents	2,326,496,224	2,459,943	92,174,934	248,918	2,421,380,019
Total current assets	7,897,747,097	2,459,943	360,116,205	276,636,926	8,536,960,171
Current liabilities					
Trade payables	635,393,472	60,796,584	342,945,939	13,433,833	1,052,569,829
Total current liabilities	635,393,472	60,796,584	342,945,939	13,433,833	1,052,569,829

ii) Interest rate risk

The Company has implemented a cash management policy to closely monitor the idle funds. Accordingly, most of the Company's interest bearing assets as at 31 December 2013 comprises the short-term investments in bank deposits. These assets have variable interest rates reprised at maturity at the discretion of the financial instrument issuer.

iii) Credit risk

In the normal course of its business, the Company is subject to credit risk principally from trade debtors. Management closely monitors its exposure to credit risk on a regular basis. Credit risk with respect to trade receivables is relatively high in the actual economic and financial conditions.

The Company has used the following methods to hedge against the trading risk: factoring, forfeiting securities, assignment of receivables, insurance of trading risk.

NOTE 17: Risk management (continued)

The main customers of the Company, as a percentage of sales are presented below:

	31.12.2012	31.12.2013
FARMEPERT DCI SA BUCURESTI	18%	17%
PHARMAFARM S.A. CLUJ-NAPOCA	4%	17%
MEDIPLUS EXIM SRL BUCURESTI	13%	13%
FARMEXIM SA BUCURESTI	12%	11%
FILDAS TRADING SRL BUCURESTI	9%	9%
ZAO „RANBAXY” RUSSIA	8%	4%
POLISANO	5%	4%
EUROPHARM HOLDING BRASOV	6%	4%
Total	66%	79%

iv) Market risk

The Romanian economy is continuing its development and there are on-going changes as policies and legislation are aligned to the European Union membership requirements. Potential changes in conditions that might take place in Romania and their effect on the financial position, result of operations and cash flows of the Company have not been taken into consideration when preparing the financial statements.

NOTE 18: Fundamental errors

During the year 2013, the Company did not record any adjustments in the accounting records related to fundamental errors discovered in prior years' financial statements.

NOTE 19: Subsequent events

The Company has no events to report subsequent to the completion of these financial statements.

ADMINISTRATOR,
Dragoş Eugen Damian

DIRECTOR ECONOMIC,
Sanda Codreanu

Code 30 – Other Information

INR

I. Data on the result achieved	Row no.	No. of units	Amounts	
A	B	1	2	
Units which recorded profit	01	1	1,920,062,553	
Units which recorded loss	02	-	-	
Units which have not recorded any profit or loss	03	-	-	
II. Data on overdue payments			Out of which:	
	Row no.	Total col 2+3	For operating activity	For investment activity
A	B	1	2	3
Overdue payments - total (row 05+09+15 to 19+23) of which:	04	-	-	-
Overdue trade payables - total (row 06 to 08) of which:	05	-	-	-
- over 30 days	06	-	-	-
- over 90 days	07	-	-	-
- over 1 year	08	-	-	-
Overdue liabilities for social security contributions - total (row 10 to 14) of which:	09	-	-	-
- contribution for social security paid by employers. employees and other persons treated	10	-	-	-
- contributions for social health insurance fund	11	-	-	-
- contributions to supplementary pension schemes	12	-	-	-
- contributions for unemployment insurance budget	13	-	-	-
- other social liabilities	14	-	-	-
Overdue liabilities to special funds and other funds	15	-	-	-
Overdue liabilities to other creditors	16	-	-	-
Overdue taxes payable to the State budget	17	-	-	-
Overdue taxes due to the local Authorities	18	-	-	-
Bank loans not repaid on due date - total (row 20 to 22) of which:	19	-	-	-
- overdue for more than 30 days	20	-	-	-
- overdue for more than 90 days	21	-	-	-
- overdue for more than 1 year	22	-	-	-
Interest overdue	23	-	-	-
III. Average number of employees		31 December 2012		31 December 2013
A	B	1	2	
Average number of employees	24	783	801	
Effective number of employees at the end of the financial period, respectively at 31.12.2013	25	810	858	

NOTE A – Other information (continued)

IV. Interest and royalties payments	Row no.	Amounts	
Gross income from interest paid by Romanian legal persons to non-resident individuals, of which:	26	-	-
-tax due to state budget	27	-	-
Gross income from interest paid by Romanian legal persons to non-resident individuals of European Union Member States, of which:	28	-	-
-tax due to state budget	29	-	-
Gross income from interest paid by Romanian legal persons to affiliated non-resident legal entities, of which:	30	-	-
-tax due to state budget	31	-	-
Gross income from interest paid by Romanian legal persons to affiliated non-resident legal entities of Member States of the European Union, of which:	32	-	-
- tax due to state budget	33	-	-
Gross income from dividends paid by the Romanian legal persons to non-resident legal persons, of which:	34	-	-
- tax due to state budget	35	-	-
Gross income from dividends paid by the Romanian legal persons to non-resident legal persons according to provisions of art.117 letter h from Law no.571/2003 regarding Fiscal Code, with subsequent amendments and completions, of which:	36	1,677,737,227	1,192,795,018
- tax due to state budget	37	-	-
Income from royalties paid by Romanian legal persons to non-resident legal entities, of which:	38	-	-
- tax due to state budget	39	-	-
Income from royalties paid by Romanian legal persons to non-resident associated legal entities from Member States of the European Union, of which:	40		
- tax due to state budget	41		
Royalties paid during the financial year for goods from the public patrimony, received in concession, of which:	42	185,609	221,743
-royalties for goods from public domain paid to the state budget	43	185,609	221,743
Mining royalty paid to state budget	44	-	-
Petroleum royalty paid to state budget	45		
Rents paid for lands during the reporting period	46		
Income from services paid by Romanian legal persons to non-resident legal entities, of which:	47	44,318,613	43,508,627
- tax due to state budget	48	1,510,601	4,015,845
Income from services paid by Romanian legal persons to non-resident legal persons from Member States of the European Union, of which:	49	68,580,462	147,211,109
- tax due to state budget	50	592,743	423,979
Subsidies collected during the financial year, of which:	51	-	-
-subsidies collected during the financial year related to assets	52	-	-
-subsidies related to revenues	53	-	-
- subsidies for stimulating employment	54	-	-

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

Outstanding receivables, which have not been collected at the terms established in the commercial contracts and/or in the legal regulations, of which:	55	656,503,746	821,953,890
-outstanding receivables from entities from public sector	56	-	-
-outstanding receivables from entities from private sector	57	656,503,746	821,953,890
VI. Meal tickets	Row no.	Amounts	
Meal tickets	58	25,538,521	
VI. Expenses for research and development	Row no.	31 December 2012	31 December 2013
Research and development expenses, out of which:	59	233,861,171	283,699,842
- from public funds	60	-	-
- from private funds	61	233,861,171	283,699,842
VII. Expenses for innovation projects	Row no.		
Expenses for innovation projects **)—total (row 63 to 65), of which:	62	-	-
- expenses for innovation projects completed during the year	63	-	-
- expenses for innovation projects in process during the year	64	-	-
- expenses for innovation projects abandoned during the year	65	-	-
VIII. Other information	Row no.	31 December 2012	31 December 2013
Advance payments for intangible non-current assets (acc.234)	66	2,163,860	-
Advance payments for tangible non-current assets (acc.232)	67	61,679,332	21,632
Financial assets. in gross amounts (row. 69+77), of which:	68	3,609,349	3,808,672
Shares in related parties, participating interests, other long term securities and long term debentures, in gross amounts (row. 70 to 76), of which:	69	-	-
- quoted shares issued by residents	70	-	-
- unquoted shares issued by residents	71	-	-
- participating shares issued by residents	72	-	-
- debentures issued by residents	73	-	-
- shares in collective investment schemes (including SIFs)	74	-	-
-shares and participating shares issued by non-residents	75	-	-
-debentures issued by non-residents	76	-	-
Long term receivables in gross amounts (row.78+79), of which:	77	3,609,349	3,808,672
- Long term receivables in RON and expressed in RON whose settlement is made according to the rate of a foreign currency (from acc. 267)	78	3,609,349	3,808,672
-long term receivables in foreign currency (from acc. 267)	79	-	-
Trade receivables, advance payments and other similar accounts, in gross amounts (acc. 4092 + 411 + 413 + 418), of which:	80	5,060,380,375	6,376,888,254

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

-external trade receivables, advances granted to external suppliers and other similar accounts, in gross amounts (acc. 4092+411+413+418)	81	739,910,651	549,149,013
Trade receivables not collected in due term (acc. 4092, 411, 413)	82	656,503,746	821,953,890
Employee-related receivables and similar accounts (ct. 425 + 4282)	83	221,124	1,350,493
Receivables related to social security budget and state budget (acc. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	84	54,087,362	78,007,438
-receivables related to social security budget (acc.431+437+4382)	85	85,114	99,406
-fiscal receivables related to state budget (acc. 441+4424+4428+444+446)	86	3,315,738	76,121,176
-subsidies to be collected (acc. 445)	87	-	-
-special funds- taxes and other similar amounts (acc. 447)	88	-	-
-other receivables related to state budget (acc. 4482)	89	-	-
Receivables related to the related parties of the entity (acc. 451)	90	687,144,919	497,909,070
Receivables related to social security budget and state budget not collected in the established term (acc. 431+437+4382+441+4424+4428+444+445+446+447+4482)	91	-	-
Other receivables (acc. 453 + 456 + 4582 + 461 + 471 + 473)	92	19,421,254	18,106,793
-settlements regarding participating interests, settlements with shareholders/ associates related to equity, settlements from operations of participation (acc. 453+456+4582)	93	-	-
-other receivables related to individuals and legal entities , other than the receivables related to public institutions (acc. 461+471+473)	94	18,802,443	17,029,298
-amounts taken from account 542 representing cash advances granted by law and unsettled up to balance sheet date (from acc. 461)	95	618,811	1,077,495
Accrued interest receivable (acc. 5187), of which:	96	4,663,664	2,455,541
-from non-residents	97	-	-
Value of loans given to economic operators	98	-	-
Short term investments in gross amounts (acc. 501 + 505 + 506 + din ct.508) (row. 100 to 106), of which:	99	-	-
- quoted shares issued by residents	100	-	-
- unquoted shares issued by residents	101	-	-
- participating shares issued by residents	102	-	-
- debentures issued by residents	103	-	-
- shares in collective investment schemes (including SIFs)	104	-	-
-shares issued by non-residents	105	-	-
-debentures issued by non-residents	106	-	-
Other outstanding lodgements (ct. 5113 + 5114)	107	-	-

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

Petty cash in RON and foreign currencies (row. 109+110), of which:	108	49,463	83,416
- in RON (ct. 5311)	109	49,463	83,416
- in foreign currencies (ct. 5314)	110	-	-
Cash at bank in RON and foreign currencies (row. 112+114), of which:	111	473,906,010	477,714,345
- in RON (ct. 5121), of which:	112	388,351,873	382,830,531
- current accounts in RON opened at non-resident banks	113		-
- in foreign currencies (ct. 5124), of which:	114	85,554,137	94,883,814
- current accounts in foreign currency opened at non-resident banks	115		
Other cash at bank and letters of credit (row. 117+118), of which:	116	-	-
- amounts under settlement, letters of credit and other outstanding lodgements, in RON (acc. 5112 + 5125 + 5411)	117	-	-
- amounts under settlement, letters of credit in foreign currencies (acc. 5125 + 5412)	118	-	-
Liabilities (row. 120+123+126+129+132+135+138+141 +144+147+150+151+155+157+158+163+164+165+ 171), of which:	119	1,220,555,489	1,636,572,638
- Debenture loans, in gross amounts (acc. 161 + 1681)(rd. 121+122), of which:	120	-	-
- in RON	121	-	-
- in foreign currencies	122	-	-
Interest related to debenture loans, in gross amounts (acc. 1681), (row 124+125), of which:	123	-	-
- in RON	124	-	-
- in foreign currencies	125	-	-
- Domestic short term bank loans (acc. 5191 + 5192 + 5197), (row 127+128), of which:	126	-	-
- in RON	127	-	-
- in foreign currencies	128	-	-
Interest related to domestic short term bank loans (ct.5198) (rd. 130+131), of which:	129	-	-
- in RON	130	-	-
- in foreign currencies	131	-	-
- Foreign short term bank loans (acc. 5193 + 5194 + 5195), (row133+134), of which:	132	-	-
- in RON	133	-	-
- in foreign currencies	134	-	-
Interest related to foreign short term bank loans (acc 5198), (row136+137), of which:	135	-	-
- in RON	136	-	-
- in foreign currencies	137	-	-
- Long term bank loans (acc. 1621 + 1622 + 1627 +) (row 139+140), of which:	138	-	-
- in RON	139	-	-
- in foreign currencies	140	-	-

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

Interest related to long term bank loans(acc 1682), (row 142+143), of which:	141	-	-
- in RON	142	-	-
- in foreign currencies	143	-	-
- Foreign long term bank loans (acc. 1623 + 1624 + 1625)(row 145+146), of which:	144	-	-
- in RON	145	-	-
- in foreign currencies	146	-	-
Interest related to foreign long term bank loans (acc. 1682), (row 148+149), of which:	147	-	-
- in RON	148	-	-
- in foreign currencies	149	-	-
- State Treasury loans and related interests (acc. 1626 + from acc. 1682)	150	-	-
- Other loans and accrued interests (acc. 166 + 167 + 1685 + 1686 + 1687) (row. 152+153), of which:	151	-	-
- in RON and expressed in RON whose settlement is made according to the rate of currency	152	-	-
- in foreign currencies	153	-	-
The value of concessions received (from acc. 167)	154	-	-
- Trade liabilities, advances received from clients and other similar, in gross amounts (acc. 401 + 403 + 404 + 405 + 408 + 419), of which	155	744,183,371	850,741,632
-external trade liabilities, advances received from external customers and other similar accounts, in gross amounts (acc. 401+403+404+405+408+419)	156	245,083,827	230,122,562
- Employee-related debts and other similar accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281)	157	93,645,912	121,373,852
- Liabilities related to social security budget and state (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	158	238,312,052	388,644,459
-liabilities related to social security budget (acc. 431+437+4381)	159	46,930,358	57,429,962
-fiscal liabilities related to social security budget (acc. 441+4423+4428+444+446)	160	57,085,765	304,628,767
-special funds-taxes and other similar liabilities (acc 447)	161	434,414	571,404
-other liabilities related to the state budget (acc. 4481)	162	133,861,515	26,014,326
-Liabilities related to the related parties of the entity (acc. 451)	163	100,397,134	202,303,264
-Amounts due to shareholders/associates (acc 455)	164	-	-
- Other liabilities (acc. 453+ 456 + 457 + 4581 + 462 + 472 + 473 + 269 +509), of which:	165	44,017,003	73,509,431
-settlements related to participating interests, settlements with shareholders/associates regarding equity, settlements from operations of participation (acc. 453+456+457+4581)	166	39,651,531	3,723,559
-other liabilities related to individuals and legal entities, other than the liabilities with public institutions (acc. 462+472+473)	167	268,040	2,853,662
-subsidies not recognized in revenues (acc. 472)	168	-	-

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

-payments to be made for financial assets and short term investments	169		-		-	
Deferred income related to assets received from customers by transfer (acc.478)	170		-		-	
- Accrued interest payable (acc. 5186)	171		-		-	
Value of loans received from economic operators	172		-		-	
Subscribed and paid in capital (acc. 1012), of which:	173		407,513,925		474,788,520	
- quoted shares	174		-		-	
- unquoted shares	175		407,513,925		474,788,520	
- participating shares	176		-		-	
- Subscribed and paid in capital by non-residents (from acc. 1012)	177		-		-	
Patents and licenses (from acc. 205)	178		173,144,495		215,354,839	
IX. Information related to externally contracted manpower expenses	Row no.		31.12.2012		31.12.2013	
Externally contracted manpower expenses (acc. 621)	179		28,203,082		49,391,479	
X.Information related to the state public domain assets	Row no.		31.12.2012		31.12.2013	
A	B		1		2	
The value of public property of the state under management	180		-		-	
The value of public property of the state under concession	181		-		-	
The value of public property of the state leased	182		-		-	
XI. Subscribed and paid in capital	Row no.		31.12.2012		31.12.2013	
			Amount	%	Amount	%
Subscribed and paid in capital (acc. 1012), (row 184+187+191+192+193+194), of which:	183		407,513,925	x	474,788,520	x
-owned by public institutions (row 183+184)	184					
- owned by central public institutions	185					
- owned by local public institutions	186					
-owned by state-owned companies, of which:	187					
- wholly state owned	188					
- majority state owned	189					
- minority state owned	190					
- owned by autonomous companies	191					
- owned by private entities	192		394,167,850	96.73	459,239,203	96.73
- owned by individuals	193		13,346,075	3.27	15,549,317	3.27
- -owned by other entities	194					

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC MANAGER,
Sanda Codreanu

RON

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

I. Data on the result achieved	Row no.	No. of units	Amounts	
A	B	1	2	
Units which recorded profit	01	1	109.059,553	
Units which recorded loss	02	-	-	
Units which have not recorded any profit or loss	03	-	-	
II. Data on overdue payments	Row no.	Total col 2+3	Out of which:	
			For operating activity	For investment activity
A	B	1	2	3
Overdue payments - total (row 05+09+15 to 19+23) of which:	04	-	-	-
Overdue trade payables - total (row 06 to 08) of which:	05	-	-	-
- over 30 days	06	-	-	-
- over 90 days	07	-	-	-
- over 1 year	08	-	-	-
Overdue liabilities for social security contributions - total (row 10 to 14) of which:	09	-	-	-
- contribution for social security paid by employers. employees and other persons treated	10	-	-	-
- contributions for social health insurance fund	11	-	-	-
- contributions to supplementary pension schemes	12	-	-	-
- contributions for unemployment insurance budget	13	-	-	-
- other social liabilities	14	-	-	-
Overdue liabilities to special funds and other funds	15	-	-	-
Overdue liabilities to other creditors	16	-	-	-
Overdue taxes payable to the State budget	17	-	-	-
Overdue taxes due to the local Authorities	18	-	-	-
Bank loans not repaid on due date - total (row 20 to 22) of which:	19	-	-	-
- overdue for more than 30 days	20	-	-	-
- overdue for more than 90 days	21	-	-	-
- overdue for more than 1 year	22	-	-	-
Interest overdue	23	-	-	-
III. Average number of employees	B	31 December 2012		31 December 2013
A		1	2	
Average number of employees	24	783	801	
Effective number of employees at the end of the financial period, respectively at 31.12.2013	25	810	858	

NOTE A – Other information (continued)

IV. Interest and royalties payments	Row no.	Amounts	
Gross income from interest paid by Romanian legal persons to non-resident individuals, of which:	26	-	-
-tax due to state budget	27	-	-
Gross income from interest paid by Romanian legal persons to non-resident individuals of European Union Member States, of which:	28	-	-
-tax due to state budget	29	-	-
Gross income from interest paid by Romanian legal persons to affiliated non-resident legal entities, of which:	30	-	-
-tax due to state budget	31	-	-
Gross income from interest paid by Romanian legal persons to affiliated non-resident legal entities of Member States of the European Union, of which:	32	-	-
- tax due to state budget	33	-	-
Gross income from dividends paid by the Romanian legal persons to non-resident legal persons, of which:	34	-	-
- tax due to state budget	35	-	-
Gross income from dividends paid by the Romanian legal persons to non-resident legal persons according to provisions of art.117 letter h from Law no.571/2003 regarding Fiscal Code, with subsequent amendments and completions, of which:	36	108,885,146	67,750,757
- tax due to state budget	37		
Income from royalties paid by Romanian legal persons to non-resident legal entities, of which:	38	-	-
- tax due to state budget	39	-	-
Income from royalties paid by Romanian legal persons to non-resident associated legal entities from Member States of the European Union, of which:	40		
- tax due to state budget	41		
Royalties paid during the financial year for goods from the public patrimony, received in concession, of which:	42	12,046	12,595
-royalties for goods from public domain paid to the state budget	43	12,046	12,595
Mining royalty paid to state budget	44	-	-
Petroleum royalty paid to state budget	45		
Rents paid for lands during the reporting period	46		
Income from services paid by Romanian legal persons to non-resident legal entities, of which:	47	2,876,278	2,471,290
- tax due to state budget	48	98,038	228,1
Income from services paid by Romanian legal persons to non-resident legal persons from Member States of the European Union, of which:	49	4,450,872	8,361,594
- tax due to state budget	50	38,469	24,082
Subsidies collected during the financial year, of which:	51	-	-
-subsidies collected during the financial year related to assets	52	-	-
-subsidies related to revenues	53	-	-
- subsidies for stimulating employment	54	-	-

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

Outstanding receivables, which have not been collected at the terms established in the commercial contracts and/or in the legal regulations, of which:	55	40,309,330	43,316,970
-outstanding receivables from entities from public sector	56	-	-
-outstanding receivables from entities from private sector	57	40,309,330	43,316,970
VI. Meal tickets	Row no.	Amounts	
Meal tickets	58	1450,588	
VI. Expenses for research and development	Row no.	31 December 2012	31 December 2013
Research and development expenses, out of which:	59	15,177,590	16,114,151
- from public funds	60	-	-
- from private funds	61	15,177,590	16,114,151
VII. Expenses for innovation projects	Row no.		
Expenses for innovation projects **)-total (row 63 to 65), of which:	62	-	-
- expenses for innovation projects completed during the year	63	-	-
- expenses for innovation projects in process during the year	64	-	-
- expenses for innovation projects abandoned during the year	65	-	-
VIII. Other information	Row no.	31 December 2012	31 December 2013
Advance payments for intangible non-current assets (acc.234)	66	132,861	-
Advance payments for tangible non-current assets (acc.232)	67	3,787,111	1,14
Financial assets. in gross amounts (row. 69+77), of which:	68	221,614	200,717
Shares in related parties, participating interests, other long term securities and long term debentures, in gross amounts (row. 70 to 76), of which:	69	-	-
- quoted shares issued by residents	70	-	-
- unquoted shares issued by residents	71	-	-
- participating shares issued by residents	72	-	-
- debentures issued by residents	73	-	-
- shares in collective investment schemes (including SIFs)	74	-	-
-shares and participating shares issued by non-residents	75	-	-
-debentures issued by non-residents	76	-	-
Long term receivables in gross amounts (row.78+79), of which:	77	221,614	200,717
- Long term receivables in RON and expressed in RON whose settlement is made according to the rate of a foreign currency (from acc. 267)	78	221,614	200,717
-long term receivables in foreign currency (from acc. 267)	79	-	-
Trade receivables, advance payments and other similar accounts, in gross amounts (acc. 4092 + 411 + 413 + 418), of which:	80	310,707,355	336,062,011

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

-external trade receivables, advances granted to external suppliers and other similar accounts, in gross amounts (acc. 4092+411+413+418)	81	45,430,514	28,940,153
Trade receivables not collected in due term (acc. 4092, 411, 413)	82	40,309,330	43,316,970
Employee-related receivables and similar accounts (ct. 425 + 4282)	83	13,577	71,171
Receivables related to social security budget and state budget (acc. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	84	3,320,964	4,110,992
-receivables related to social security budget (acc.431+437+4382)	85	5,226	99,406
-fiscal receivables related to state budget (acc. 441+4424+4428+444+446)	86	3,315,738	4,011,586
-subsidies to be collected (acc. 445)	87	-	-
-special funds- taxes and other similar amounts (acc. 447)	88	-	-
-other receivables related to state budget (acc. 4482)	89	-	-
Receivables related to the related parties of the entity (acc. 451)	90	42,190,698	26,239,808
Receivables related to social security budget and state budget not collected in the established term (acc. 431+437+4382+441+4424+4428+444+445+446+447+4482)	91	-	-
Other receivables (acc. 453 + 456 + 4582 + 461 + 471 + 473)	92	1,192,465	954,228
-settlements regarding participating interests, settlements with shareholders/ associates related to equity, settlements from operations of participation (acc. 453+456+4582)	93	-	-
-other receivables related to individuals and legal entities , other than the receivables related to public institutions (acc. 461+471+473)	94	1,154,470	897,444
-amounts taken from account 542 representing cash advances granted by law and unsettled up to balance sheet date (from acc. 461)	95	37,995	56,784
Accrued interest receivable (acc. 5187), of which:	96	286,349	129,407
-from non-residents	97	-	-
Value of loans given to economic operators	98	-	-
Short term investments in gross amounts (acc. 501 + 505 + 506 + din ct.508) (row. 100 to 106), of which:	99	-	-
- quoted shares issued by residents	100	-	-
- unquoted shares issued by residents	101	-	-
- participating shares issued by residents	102	-	-
- debentures issued by residents	103	-	-
- shares in collective investment schemes (including SIFs)	104	-	-
-shares issued by non-residents	105	-	-
-debentures issued by non-residents	106	-	-
Other outstanding lodgements (ct. 5113 + 5114)	107	-	-

NOTE A – Other information (continued)

Petty cash in RON and foreign currencies (row. 109+110), of which:	108	3,037	4,396
- in RON (ct. 5311)	109	3,037	4,396
- in foreign currencies (ct. 5314)	110	-	-
Cash at bank in RON and foreign currencies (row. 112+114), of which:	111	29,097,829	25,175,546
- in RON (ct. 5121), of which:	112	23,844,805	20,175,169
- current accounts in RON opened at non-resident banks	113		
- in foreign currencies (ct. 5124), of which:	114	5,253,024	5,000,377
- current accounts in foreign currency opened at non-resident banks	115		
Other cash at bank and letters of credit (row. 117+118), of which:	116	-	-
- amounts under settlement, letters of credit and other outstanding lodgements, in RON (acc. 5112 + 5125 + 5411)	117	-	-
- amounts under settlement, letters of credit in foreign currencies (acc. 5125 + 5412)	118	-	-
Liabilities (row. 120+123+126+129+132+135+138+141 +144+147+150+151+155+157+158+163+164+165+ 171), of which:	119	74,942,107	86,247,378
- Debenture loans, in gross amounts (acc. 161 + 1681)(rd. 121+122), of which:	120	-	-
- in RON	121	-	-
- in foreign currencies	122	-	-
Interest related to debenture loans, in gross amounts (acc. 1681), (row 124+125), of which:	123	-	-
- in RON	124	-	-
- in foreign currencies	125	-	-
- Domestic short term bank loans (acc. 5191 + 5192 + 5197), (row 127+128), of which:	126	-	-
- in RON	127	-	-
- in foreign currencies	128	-	-
Interest related to domestic short term bank loans (ct.5198) (rd. 130+131), of which:	129	-	-
- in RON	130	-	-
- in foreign currencies	131	-	-
- Foreign short term bank loans (acc. 5193 + 5194 + 5195), (row133+134), of which:	132	-	-
- in RON	133	-	-
- in foreign currencies	134	-	-
Interest related to foreign short term bank loans (acc 5198), (row136+137), of which:	135	-	-
- in RON	136	-	-
- in foreign currencies	137	-	-
- Long term bank loans (acc. 1621 + 1622 + 1627 +) (row 139+140), of which:	138	-	-
- in RON	139	-	-
- in foreign currencies	140	-	-

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE A – Other information (continued)

Interest related to long term bank loans(acc 1682), (row 142+143), of which:	141	-	-
- in RON	142	-	-
- in foreign currencies	143	-	-
- Foreign long term bank loans (acc. 1623 + 1624 + 1625)(row 145+146), of which:	144	-	-
- in RON	145	-	-
- in foreign currencies	146	-	-
Interest related to foreign long term bank loans (acc. 1682), (row 148+149), of which:	147	-	-
- in RON	148	-	-
- in foreign currencies	149	-	-
- State Treasury loans and related interests (acc. 1626 + from acc. 1682)	150	-	-
- Other loans and accrued interests (acc. 166 + 167 + 1685 + 1686 + 1687) (row. 152+153), of which:	151	-	-
- in RON and expressed in RON whose settlement is made according to the rate of currency	152	-	-
- in foreign currencies	153	-	-
The value of concessions received (from acc. 167)	154	-	-
- Trade liabilities, advances received from clients and other similar, in gross amounts (acc. 401 + 403 + 404 + 405 + 408 + 419), of which	155	45,692,859	44,834,084
-external trade liabilities, advances received from external customers and other similar accounts, in gross amounts (acc. 401+403+404+405+408+419)	156	15,048,147	12,127,459
- Employee-related debts and other similar accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281)	157	5,749,859	6,396,402
- Liabilities related to social security budget and state (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	158	14,632,360	20,481,563
-liabilities related to social security budget (acc. 431+437+4381)	159	2,881,524	3,026,559
-fiscal liabilities related to social security budget (acc. 441+4423+4428+444+446)	160	3,505,066	16,053,936
-special funds-taxes and other similar liabilities (acc 447)	161	26,673	30,113
-other liabilities related to the state budget (acc. 4481)	162	8,219,097	1,370,955
-Liabilities related to the related parties of the entity (acc. 451)	163	6,164,384	10,661,382
-Amounts due to shareholders/associates (acc 455)	164	-	-
- Other liabilities (acc. 453+ 456 + 457 + 4581 + 462 + 472 + 473 + 269 +509), of which:	165	2,702,644	3,873,947
-settlements related to participating interests, settlements with shareholders/associates regarding equity, settlements from operations of participation (acc. 453+456+457+4581)	166	2,434,604	3,723,559
-other liabilities related to individuals and legal entities, other than the liabilities with public institutions (acc. 462+472+473)	167	268,04	150,388
-subsidies not recognized in revenues (acc. 472)	168	-	-

S.C. TERAPIA S.A.
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 December 2013

NOTE A – Other information (continued)

-payments to be made for financial assets and short term investments	169		-		-	
Deferred income related to assets received from customers by transfer (acc.478)	170		-		-	
- Accrued interest payable (acc. 5186)	171		-		-	
Value of loans received from economic operators	172		-		-	
Subscribed and paid in capital (acc. 1012), of which:	173		25,021,355		25,021,355	
- quoted shares	174		-			
- unquoted shares	175		25,021,355		25,021,355	
- participating shares	176		-			
- Subscribed and paid in capital by non-residents (from acc. 1012)	177		-			
Patents and licenses (from acc. 205)	178		10,631,072		11,349,200	
IX. Information related to externally contracted manpower expenses	Row no.		31.12.2012		31.12.2013	
Externally contracted manpower expenses (acc. 621)	179		1.830.380		2.805.436	
X.Information related to the state public domain assets	Row no.		31.12.2012		31.12.2013	
A	B		1		2	
The value of public property of the state under management	180		-		-	
The value of public property of the state under concession	181		-		-	
The value of public property of the state leased	182		-		-	
XI. Subscribed and paid in capital	Row no.		31.12.2012		31.12.2013	
			Amount	%	Amount	%
Subscribed and paid in capital (acc. 1012), (row 184+187+191+192+193+194), of which:	183		25.021.355	X	25.021.355	X
-owned by public institutions (row 183+184)	184					
- owned by central public institutions	185					
- owned by local public institutions	186					
-owned by state-owned companies, of which:	187					
- wholly state owned	188					
- majority state owned	189					
- minority state owned	190					
- owned by autonomous companies	191					
- owned by private entities	192		24.201.906	96.73	24.201.906	96.73
- owned by individuals	193		819.449	3.27	819.449	3.27
- -owned by other entities	194					

NOTE B – Non-current assets

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Noncurrent assets	Gross value					Closing Balance (col, 5 = 1+2-3)
	Row no.	Opening Balance	Increases	Decreases		
				Total	Out of which disposals and sales	
A	B	1	2	3	4	5
Intangible assets						
Concessions, patents, licenses, trademarks	01	173,144,479	12,643,116	-	-	215,354,839
Other intangible assets- software	02	39,508,550	9,849,930	1,116,796	1,116,796	55,443,397
Advances for the acquisition of intangible assets and intangible assets in progress	03	18,356,287	21,024,542	22,493,046	-	19,803,890
TOTAL (row 01 to 03)	04	231,009,316	43,517,588	23,609,842	1,116,796	290,602,125
Tangible fixed assets						
Land	05	1,639,958,404	-	107,406,532	-	1,794,928,937
Buildings	06	434,844,430	101,147,025	-	-	615,647,040
Technical equipment and machinery	07	736,866,091	200,927,993	46,727,077	18,178,592	1,024,709,488
Other furniture and equipment	08	26,366,873	5,874,102	394,718	381,901	36,625,332
Advances for the acquisition of tangible fixed assets and tangible fixed assets in progress	09	159,909,463	433,574,401	307,949,137	-	321,706,945
TOTAL (row 05 to 09)	10	2,997,945,261	741,523,521	462,477,465	18,560,493	3,793,617,742
Financial assets	11	3,609,349	513,433	881,338	-	3,808,672
TOTAL - Noncurrent assets (row 04+10+11)	12	3,232,563,925	785,554,542	486,968,644	19,677,289	4,088,028,539

NOTE B – Non-current assets (continued)

Non-current assets	Depreciation and Amortization				
	Row no.	Opening Balance	Depreciation during the year	Depreciation for assets out of use	Depreciation at year end (col 10=6+7-8)
A	B	6	7	8	9
Intangible assets					
Concessions, patents, licenses, trademarks	13	77,730,342	3,645,757	-	94,491,879
Other intangible assets	14	39,322,313	985,405	1,116,796	45,672,239
TOTAL (row 13+14)	15	117,052,655	4,631,162	1,116,796	140,164,118
Tangible fixed assets					
Land	16	629,528	189,912	-	938,140
Buildings	17	23,092,166	26,066,215	-	54,998,482
Technical equipment and machinery	18	191,702,508	143,552,588	45,057,764	329,507,400
Other furniture and equipment	19	5,561,515	4,408,486	394,718	10,805,674
TOTAL (row 16 to 19)	20	220,985,717	174,217,201	45,452,482	396,249,696
TOTAL – Depreciation & Amortization (row 15+20)	21	338,038,371	178,848,363	46,569,278	536,413,814

Non-current assets	Provisions for depreciation				
	Row no.	Opening Balance	Provisions set during the year	Provision charged to income	Closing Balance (col 13 = 10+11-12)
A	B	10(1)	11(2)	12(3)	13(4)
Intangible assets					
Concessions, patents, licenses, trademarks	22	91,598,000	0	0	106,720,645
Other intangible assets- software	23	0	0	0	0
Advances for the acquisition of intangible assets and intangible assets in progress	24	3,214,023	0	0	3,744,611
TOTAL (row 22 to 24)	25	94,813,013	0	0	110,465,256
Tangible fixed assets					
Land	26	0	0	0	0
Buildings	27	2,032,394	0	0	2,367,913
Technical equipment and machinery	28	28,759,349	2,027,394	1,350,616	34,236,528
Other furniture and equipment	29	304,674	34,155	0	391,784
Advances for the acquisition of tangible fixed assets and tangible fixed assets in progress	30	0	0	0	0
TOTAL (row 26 to 30)	31	31,096,417	7,223,926	1,350,616	42,560,228
Financial assets	32	0	0	0	0
TOTAL – Provisions for depreciation (row 25+31+32)	33	125,909,430	7,223,926	1,350,616	153,025,484

ADMINISTRATOR,
 Dragoş Eugen Damian

ECONOMIC MANAGER,
 Sanda Codreanu

NOTE B – Non-current assets

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Noncurrent assets	Row no.	Opening Balance	Increases	Gross value		Closing Balance (col, 5 = 1+2-3)
				Decreases		
				Total	Out of which disposals and sales	
A	B	1	2	3	4	5
Intangible assets						
Concessions, patents, licenses, trademarks	01	10,631,071	718,129	-	-	11,349,200
Other intangible assets- software	02	2,425,825	559,476	63,434	63,434	2,921,867
Advances for the acquisition of intangible assets and intangible assets in progress	03	1,127,076	1,194,194	1,277,605	-	1,043,665
TOTAL (row 01 to 03)	04	14,183,972	2,471,799	1,341,039	63,434	15,314,732
Tangible fixed assets						
Land	05	100,693,446	-	6,100,691	-	94,592,755
Buildings	06	26,699,448	5,745,151	-	-	32,444,599
Technical equipment and machinery	07	45,243,578	11,412,710	2,654,098	1,032,544	54,002,190
Other furniture and equipment	08	1,618,926	333,649	22,42	21,692	1,930,155
Advances for the acquisition of tangible fixed assets and tangible fixed assets in progress	09	9,818,441	24,627,026	17,491,511	-	16,953,956
TOTAL (row 05 to 09)	10	184,073,839	42,118,536	26,268,720	1,054,236	199,923,655
Financial assets	11	221,614	29,163	50,06	-	200,717
TOTAL - Noncurrent assets (row 04+10+11)	12	198,479,425	44,619,498	27,659,819	1,117,670	215,439,104

NOTE B – Non-current assets (continued)

Non-current assets	Depreciation and Amortization				
	Row no.	Opening Balance	Depreciation during the year	Depreciation for assets out of use	Depreciation at year end (col 10=6+7-8)
A	B	6	7	8	9
Intangible assets					
Concessions, patents, licenses, trademarks	13	4,772,643	207,079	-	4,979,722
Other intangible assets	14	2,414,390	55,971	63,434	2,406,927
TOTAL (row 13+14)	15	7,187,033	263,05	63,434	7,386,649
Tangible fixed assets					
Land	16	38,653	10,787	-	49,44
Buildings	17	1,417,859	1,480,561	-	2,898,420
Technical equipment and machinery	18	11,770,534	8,153,787	2,559,281	17,365,040
Other furniture and equipment	19	341,477	250,402	22,42	569,459
TOTAL (row 16 to 19)	20	13,568,523	9,895,537	2,581,700	20,882,359
TOTAL – Depreciation & Amortization (row 15+20)	21	20,755,556	10,158,587	2,645,135	28,269,008

Non-current assets	Provisions for depreciation				
	Row no.	Opening Balance	Provisions set during the year	Provision charged to income	Closing Balance (col 13 = 10+11-12)
A	B	10(1)	11(2)	12(3)	13(4)
Intangible assets					
Concessions, patents, licenses, trademarks	22	5,624,178	0	0	5,624,178
Other intangible assets- software	23	0	0	0	0
Advances for the acquisition of intangible assets and intangible assets in progress	24	197,341	0	0	197,341
TOTAL (row 22 to 24)	25	5,821,519	0	0	5,821,519
Tangible fixed assets		0	0	0	0
Land	26	124,789	0	0	124,789
Buildings	27	1,765,824	115,156	76,715	1,804,265
Technical equipment and machinery	28	18,707	1,94	0	20,647
Other furniture and equipment	29	0	293,223	0	293,223
Advances for the acquisition of tangible fixed assets and tangible fixed assets in progress	30	1,909,320	410,319	76,715	2,242,924
TOTAL (row 26 to 30)	31	0	0	0	0
Financial assets	32	7,730,839	410,319	76,715	8,064,443
TOTAL – Provisions for depreciation (row 25+31+32)	33	5,624,178	0	0	5,624,178

ADMINISTRATOR,
 Dragoş Eugen Damian

ECONOMIC MANAGER,
 Sanda Codreanu

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

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 RON= 0.0568 [2012: 1 RON =0.0649]

ii) Items relating to Balance sheet at Closing rate: 1 RON = 0.0527 [2012: 1 RON=0.0614]