

# **RANBAXY**

## **ANNUAL REPORT MARCH 2015**

According and under the law enforcement, we submit for appraisal and vote the Report and Accounts of **RANBAXY PORTUGAL – Comércio e Desenvolvimento de Produtos Farmacêuticos, Unipessoal, Lda.**, tax number 507054806, at registered office of the company at Rua Campo Alegre - Edifício Botânico, nº 1306 - 5<sup>o</sup> Room 501, 4150-174 Porto, registered in the Commercial Registry of Oporto under the number 59 308 and with the capital duly subscribed and paid-up of Euro 5.000.

### **1. COMPANY ACTIVITY**

As noted in 2012 report, the Board of Directors decided to close the company's operations. In line with the decision for total and definitive closure of the company, employment contracts with the employees were terminated w.e.f November 30, 2012.

The company after fulfilling all legal, tax, regulatory and other obligations will be dissolved, what was predicted to take place in 2013, this didn't happen because is necessary to fulfill certain formalities and procedures that were not foreseen, into the Regulatory Entity of Medicine (Infarmed).

It is expected that the dissolution and liquidation of the company will take place during May 2014.

### **2. PROFITS AND LOSSES**

In 2015, the turnover (Sales + Services Rendered) of company was nil with a negative EBT of € 8.305,01.

### **3. EXPECTED DEVELOPMENTS IN 2015.2016**

As referred above, after fulfilling all legal, fiscal and regulatory & other obligations, the company will be dissolved, which is expected to take place during May 2015.

# RANBAXY

## 4. RESULTS

The Board of Directors, according to legal disposition, suggests that the negative net result of € € 8.305,01 (eight thousand and three hundred and five euros and one cent), be transferred to retained earnings.

The negative result the existing fixed costs until the closure of the company in particular, personnel costs and supplies and services.

## 5. FINAL NOTE

The Board of Directors would like to thank its customers, suppliers and other business partners, for their continued involvement and trust shown over the years.

The Board of Directors

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## AUDITOR'S REPORT

(This report is a free translation to English from the original Portuguese version.  
In case of doubt or misinterpretation the Portuguese version will prevail.)

### Introduction

- 1 We have audited the financial statements of Ranbaxy Portugal – Comercio e Desenvolvimento de Produtos Farmaceuticos, Unipessoal, Lda., ("Company"), which comprise the balance sheet as at 31 March 2015 (which shows total assets of Euro 10,435 and a total negative equity of Euro 4,502, including a net loss of Euro 8,305), the income statement, the statement of changes in equity and the cash flows statement for the period then ended and the corresponding notes.

### Responsibilities

- 2 Management is responsible for the preparation of financial statements that give a true and fair view of the financial position of the Company, the results of its operations, the changes in equity and its cash flows, as well as for the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system.
- 3 Our responsibility is to express a professional and independent opinion on those financial statements based on our audit.

### Scope

- 4 We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. For this purpose our audit included:
  - verification, on a test basis, of the information underlying the figures and disclosures contained therein, and an assessment of the estimates, based on judgments and criteria defined by Management, used in their preparation;
  - the assessment of the adequacy of the accounting principles used and their disclosure, considering the circumstances; and
  - the assessment of the adequacy of the overall presentation of the financial statements.
- 5 Our audit also included the verification that the financial information included in the Management Report is consistent with the financial statements presented.
- 6 We believe that our audit provides a reasonable basis for our opinion.

## Opinion

- 7 In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Ranbaxy Portugal- Comercio e Desenvolvimento de Produtos Farmaceuticos, Unipessoal, Lda. as at 31 March 2015, the results of its operations, the changes in equity and its cash flows for the period then ended in accordance with generally accepted accounting principles in Portugal.

## Emphasis of matters

- 8 Without affecting the opinion expressed in the previous paragraph, we draw your attention to the following situations:
- 8.1 As referred in note 3.4, Ranbaxy Group has decided to suspend the Company's operations on 30 November 2012, presenting the Company total negative equity of Euro 4,502 as at 31 March 2015. It is expected that during 2015 will still be concluded the necessary procedures that will lead to the Company's dissolution and liquidation, continuing the single Quotaholder to provide the required financial support during this stage. On this basis, it is not applicable the going concern principle.
- 8.2 As referred in our Auditor's Report issued with reference to 31 March 2014, Management had prepared those financial statements as at and for the three month period then ended attending to the decision of the Ranbaxy Group to align the Company's financial year with the other group entities, as referred in note 2. Therefore, the figures presented for the year ended 31 March 2015 are not comparable with the ones presented with reference to 31 March 2014.

## Report on other legal requirements

- 9 It is also our opinion that the financial information included in the Management Report is consistent with the financial statements for the year.

Porto, 4 June 2015

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KPMG & Associados  
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)  
represented by  
Adelaide Maria Viegas Clare Neves (ROC nr. 862)

# Ranbaxy Portugal, Lda

## Balance Sheet, 31<sup>st</sup> March 2015

(in EUROS)

| Description                             | NOTES | Date             |                   |
|---|-------|------------------|-------------------|
|   |       | 31 March 2015    | 31 March 2014     |
| <b>ASSETS</b>                           |       |                  |                   |
| <b>Non Current Assets:</b>              |       |                  |                   |
| Tangibles Assets                        | 5     | 0.00             | 0.00              |
| Intangible Assets                       | 6     | 0.00             | 0.00              |
|   |       | <b>0.00</b>      | <b>0.00</b>       |
| <b>Current Assets:</b>                  |       |                  |                   |
| Inventories                             | 7/8   | 0.00             | 0.00              |
| Accounts Receivables                    |       | 0.00             | 5,390.36          |
| State and other public entities         | 16    | 2,900.68         | 6,298.48          |
| Others Debtors                          |       | 290.55           | 1,995.29          |
| Deferred Costs                          |       | 574.45           | 1,576.46          |
| Cash and Bank Deposits                  | 4     | 6,669.40         | 98,470.89         |
| Non-current assets held for sale        | 10    | 0.00             | 0.00              |
|   |       | <b>10,435.08</b> | <b>113,731.48</b> |
| <b>TOTAL ASSETS</b>                     |       | <b>10,435.08</b> | <b>113,731.48</b> |
| <b>EQUITY AND LIABILITIES</b>           |       |                  |                   |
| <b>EQUITY</b>                           |       |                  |                   |
| Share Capital                           |       | 5,000.00         | 5,000.00          |
| Other Capital Instruments               |       | 5,625,000.00     | 5,625,000.00      |
| Retained Earnings                       |       | -5,626,197.24    | -5,582,380.97     |
| <b>SUBTOTAL</b>                         |       | <b>3,802.76</b>  | <b>47,619.03</b>  |
| Net Profit                              |       | -8,305.01        | -43,816.27        |
| <b>TOTAL EQUITY</b>                     |       | <b>-4,502.25</b> | <b>3,802.76</b>   |
| <b>LIABILITIES</b>                      |       |                  |                   |
| <b>Non Current Liabilities:</b>         |       |                  |                   |
| Provisions                              | 11    | 0.00             | 50,000.00         |
|   |       | <b>0.00</b>      | <b>50,000.00</b>  |
| <b>Current Liabilities:</b>             |       |                  |                   |
| Accounts Payable                        |       | 746.77           | 8,756.13          |
| State and other public entities         | 15    | 2,050.32         | 2,860.04          |
| Other payables                          |       |                  |                   |
| Accrued payroll costs (Payroll payable) |       | 12,140.24        | 8,153.80          |
| Others debtors                          | 16    | 0.00             | 40,158.75         |
|   |       | <b>14,937.33</b> | <b>59,928.72</b>  |
| <b>TOTAL LIABILITIES</b>                |       | <b>14,937.33</b> | <b>109,928.72</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |       | <b>10,435.08</b> | <b>113,731.48</b> |

Porto, 30th April 2015

The Accountant

The Board of Directors

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# Ranbaxy Portugal, Lda

## INCOME STATEMENT, 31<sup>st</sup> March 2015

(in EUROS)

| Description   | NOTES | DATE                       |                   |
|---|-------|----------------------------|-------------------|
|   |       | 31 March 2015              | 31 March 2014     |
| <b>INCOME AND EXPENSES</b>  |       |                            |                   |
| Sales and Services Rendered   | 12    | 0.00                       | 0.00              |
| Cost of goods and material consumed                                     | 9     | 0.00                       | 0.00              |
| Supplies and Services   | 17    | -49,383.18                 | -29,582.43        |
| Personnel Expenses  | 19    | -47,594.14                 | -11,700.03        |
| Impairment Losses (Inventories)   | 8     | 0.00                       | 0.00              |
| Impairment Losses (Receivables)   |       | 41,542.68                  | 33.53             |
| Provisions  |       | 50,000.00                  | 4,131.40          |
| Impairment Losses (non-depreciable investiments)                        | 10    | 0.00                       | 0.00              |
| Other Income  | 13    | 12,695.80                  | 2,483.32          |
| Other Expenses  | 18    | -6,251.66                  | -4,768.52         |
| <b>Profit before Depreciation, Finance Charges and Taxes</b>            |       | <b>1,009.50</b>            | <b>-39,402.73</b> |
| Expenses / Reversal of depreciation and amortization                    |       | 0.00                       | 0.00              |
| Impairment of Investments Depreciable / Instalment (Losses / Reversals) |       | 0.00                       | 0.00              |
| <b>Operating Profit (Before Financing Charges and Taxes)</b>            |       | <b>1,009.50</b>            | <b>-39,402.73</b> |
| Interest and Similar Expenses Supported                                 | 20    | -9,169.80                  | -4,248.35         |
|   |       | <b>Income Before Taxes</b> | <b>-8,160.30</b>  |
| Tax (Autonomous taxation)   | 14    | -144.71                    | -165.19           |
|   |       | <b>Net profit</b>          | <b>-8,305.01</b>  |

Porto, 30th April 2015

The Accountant

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The Board of Directors

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**Ranbaxy Portugal, Lda**

**Cash Flow, 31<sup>st</sup> March 2015**

| Description                                       | NOTES | DATE              |                    |
|---|-------|-------------------|--------------------|
|   |       | 31 March 2015     | 31 March 2014      |
| <b>Cash flow from operating activities</b>        |       |                   |                    |
| Receivables from customers                        |       | 29,705.84         | 12,647.20          |
| Payments to suppliers                             |       | -66,281.43        | -284,190.84        |
| Payments to personnel                             |       | -18,297.24        | -2,695.04          |
| Cash generated from operations                    |       | -54,872.83        | -274,238.68        |
| Payment / Receipts of income tax                  |       | -4,438.76         | -1,000.00          |
| Other Payment / Receipts                          |       | -32,489.90        | -55,205.11         |
| Cash flow from operating activities (1)           |       | <b>-91,801.49</b> | <b>-330,443.79</b> |
| <b>Cash flow from investment activities</b>       |       |                   |                    |
| Payments of :                                     |       |                   |                    |
| Tangibles Assets                                  |       |                   |                    |
| Intangibles Assets                                |       |                   |                    |
| Finance Investments                               |       |                   |                    |
| Others Assets                                     |       |                   |                    |
|   |       | 0.00              | 0.00               |
| Receipts from :                                   |       |                   |                    |
| Tangibles Assets                                  |       |                   |                    |
| Intangibles Assets                                |       |                   |                    |
| Finance Investments                               |       |                   |                    |
| Others Assets                                     |       |                   |                    |
| Subsidy to investment                             |       |                   |                    |
| Interest and similar income                       |       |                   |                    |
| Dividends   |       |                   |                    |
|   |       | 0.00              | 0.00               |
| Cash flow from investment activities (2)          |       | <b>0.00</b>       | <b>0.00</b>        |
| <b>Cash flow from financing activities</b>        |       |                   |                    |
| Receipts from :                                   |       |                   |                    |
| Funding Obtained                                  |       |                   |                    |
| Capital Increase and other equity instruments     |       |                   |                    |
| Cover Losses                                      |       |                   |                    |
| Donations   |       |                   |                    |
| Others Financing operations                       |       |                   |                    |
|   |       | 0.00              | 0.00               |
| Payments of :                                     |       |                   |                    |
| Funding Obtained                                  |       | 0.00              | 0.00               |
| Interest and similar expenses                     |       |                   |                    |
| Dividends   |       |                   |                    |
| Reduction of capital and other equity instruments |       |                   |                    |
| Others Financing operations                       |       |                   |                    |
|   |       | 0.00              | 0.00               |
| Cash flow from financing activities (3)           |       | <b>0.00</b>       | <b>0.00</b>        |
| Change in Cash and their equivalent (1)+(2)+(3)   |       | <b>-91,801.49</b> | <b>-330,443.79</b> |
| Effect of exchange differences                    |       | 0.00              | 0.00               |
| Cash and their equivalent at beginning of period  |       | 98,470.89         | 428,914.68         |
| Cash and their equivalent at end of period        | 4     | 6,669.40          | 98,470.89          |
|   |       | <b>-91,801.49</b> | <b>-330,443.79</b> |

Porto, 30th April 2015

The Accountant

The Board of Directors

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## CHANGES IN EQUITY FOR THE PERIOD March 2014

Euros

| Description   | Notes     | Share Capital | Equities (shares) own | Other Equity Instruments | Share premium | Legal Reserves | Others Reserves | Retained Earnings | Adjustments on financial assets | Revaluation surplus | Other changes in Equity | Net Profit | TOTAL   | Minority interests | TOTAL Equity |   |
|---|-----------|---------------|-----------------------|--------------------------|---------------|----------------|-----------------|-------------------|---------------------------------|---------------------|-------------------------|------------|---------|--------------------|--------------|---|
| <b>Beginning of 2014</b>                              | 1 2       | 5,000         | 0                     | 5,625,000                | 0             |                |                 | -5,377,842        | 0                               |                     |                         | -204,539   | 47,619  |                    | 47,619       |   |
| <b>Changes in the period:</b>                         |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| First adoption of the reference book                  |           |               |                       |                          |               |                |                 |                   |                                 | 0                   |                         |            | 0       |                    |              | 0 |
| Changes in accounting policies                        |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Differences on conversion of financial statements     |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Completion of the revaluation surplus TA and IA       |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Revaluation Suplus TA and IA and respective changes   |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Deferred tax adjustments                              |           |               |                       |                          |               |                |                 | -204,539          |                                 |                     |                         | 204,539    |         |                    |              | 0 |
| Other changes recognized                              |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
|   | 2         | 0             | 0                     | 0                        | 0             | 0              | 0               | -204,539          | 0                               | 0                   | 0                       | 204,539    | 0       | 0                  | 0            | 0 |
| <b>Net Profit of the period</b>                       | 3         |               |                       |                          |               |                |                 |                   |                                 |                     |                         | -43,816    | -43,816 |                    | -43,816      |   |
| <b>Result</b>   | 4=2+3     |               |                       |                          |               |                |                 |                   |                                 |                     |                         | 160,723    | -43,816 | 0                  | -43,816      |   |
| <b>Transactions with equity owners in the period:</b> |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Capital Accomplishments                               |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Accomplishments of premiums                           |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Distributions   |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
| Entries to cover losses                               |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |         |                    |              | 0 |
| Other   |           |               |                       | 0                        |               |                |                 |                   |                                 |                     |                         |            |         |                    |              |   |
|   | 5         | 0             | 0                     | 0                        | 0             | 0              | 0               | 0                 | 0                               | 0                   | 0                       | 0          | 0       | 0                  | 0            | 0 |
| <b>End of March 2014</b>                              | 5=1+2+3+5 | 5,000         | 0                     | 5,625,000                | 0             | 0              | 0               | -5,582,381        | 0                               | 0                   | 0                       | -43,816    | 3,803   | 0                  | 3,803        |   |

**Legend:**

TA = Tangible Assets

IA = Intangible Assets

Porto, 30th April 2015

The Board of Directors

The Accountant

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## CHANGES IN EQUITY FOR THE PERIOD MARCH 2015

Euros

| Description   | Notes     | Share Capital | Equities (shares) own | Other Equity Instruments | Share premium | Legal Reserves | Others Reserves | Retained Earnings | Adjustments on financial assets | Revaluation surplus | Other changes in Equity | Net Profit | Minority interests | TOTAL Equity |
|---|-----------|---------------|-----------------------|--------------------------|---------------|----------------|-----------------|-------------------|---------------------------------|---------------------|-------------------------|------------|--------------------|--------------|
| <b>Beginning of 2014</b>                              | 1 2       | 5,000         | 0                     | 5,625,000                | 0             | 0              | 0               | -5,582,381        | 0                               | 0                   | 0                       | -43,816    | 0                  | 3,803        |
| <b>Changes in the period:</b>                         |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| First adoption of the reference book                  |           |               |                       |                          |               |                |                 |                   | 0                               | 0                   | 0                       |            |                    | 0            |
| Changes in accounting policies                        |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Differences on conversion of financial statements     |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Completion of the revaluation surplusTA and IA        |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Revaluation Suplus TA and IA and respective changes   |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Deferred tax adjustments                              |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Other changes recognized                              |           |               |                       |                          |               |                |                 | -43,816           |                                 |                     |                         | 43,816     |                    | 0            |
|   | 2         | 0             | 0                     | 0                        | 0             | 0              | 0               | -43,816           | 0                               | 0                   | 0                       | 43,816     | 0                  | 0            |
| <b>Net Profit of the period</b>                       | 3         |               |                       |                          |               |                |                 |                   |                                 |                     |                         | -8,305     |                    | -8,305       |
| <b>Result</b>   | 4=2+3     |               |                       |                          |               |                |                 |                   |                                 |                     |                         | 35,511     | 0                  | -8,305       |
| <b>Transactions with equity owners in the period:</b> |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Capital Accomplishments                               |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Accomplishments of premiums                           |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Distributions   |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
| Entries to cover losses                               |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    | 0            |
| Other   |           |               |                       |                          |               |                |                 |                   |                                 |                     |                         |            |                    |              |
|   | 5         | 0             | 0                     | 0                        | 0             | 0              | 0               | 0                 | 0                               | 0                   | 0                       | 0          | 0                  | 0            |
| <b>End of March 2015</b>                              | 6=1+2+3+5 | 5,000         | 0                     | 5,625,000                | 0             | 0              | 0               | -5,626,197        | 0                               | 0                   | 0                       | -8,305     | 0                  | -4,502       |

**Legend:**

TA = Tangible Assets

IA = Intangible Assets

Porto, 30th April 2015

The Board of Directors

The Accountant

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# RANBAXY

## Appendix to Financial Statements

(Amounts in Euros)

31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014

### 1. Identification of the Entity

RANBAXY PORTUGAL – Comércio e Desenvolvimento de Produtos Farmacêuticos, Unipessoal, Lda., is a Quota Society, at registered office in Rua Campo Alegre, nº 1306, 5º Floor, Porto. Ranbaxy Portugal was constituted on 21st October 2004, with registered in the Commercial Registry Office of Porto, under the number 59308, which main activity is the trading of pharmaceutical products.

Ranbaxy Portugal is a subsidiary of Ranbaxy Laboratories Limited based in New Delhi in India.

### 2. Reference accounting of financial statements preparation

The financial statements have been prepared for the first time in 2010, in accordance with Accounting Standards Financial Reporting (NCRF).

The financial statements, that includes balance sheet, statement of profit and loss, statement of changes in equity, statement of cash flows and the annex, were approved by the Board of Directors of the Company, are denominated in Euros and were prepared in accordance with the assumption to start the process of dissolution and liquidation and accrual on which assets, liabilities, equity, income and expenses are recognized when achieve those definitions and criteria for those elements contained in the Conceptually Structure, in accordance with the qualitative characteristics of understandability, relevance, materiality, reliability, faithful representation, substance, neutrality, prudence, completeness and comparability, except for the non-application of the continuity principle.

# RANBAXY

The accounting policies present on note 3, were used in the financial statements for the period ended March 31, 2015 and comparative financial information presented in these financial statements for the period ended March 31, 2014.

In the financial statements were not made exceptions to the NCRF and there are no accounts of the balance sheet and income statement whose contents are not comparable with the previous period.

The financial statements are not comparable with the financial statements as at March 31, 2014.

The Income Statement as at March 31, 2014 refers to a period of 3 months and the part with respect to March 31, 2015 is for the period of 12 months.

### **3. Accounting Policies**

The main accounting policies applied in the preparing of these financial statements are described below.

#### **3.1 Measurement Basis**

Financial statements were prepared in accordance with historical cost.

The preparation of financial statements in conformity with NCRF requires that Board of Directors make judgments, estimates and assumptions that affect the accounting policies application and the value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and in other factors considered reasonable, under the circumstances, and form the judgments basis about the values of assets and liabilities which measurement is not clear from other sources. Actual results may differ from these estimates. The issues that require a greater judgment or complexity, or where assumptions and estimates are considered significant, are presented in Note 3.2 – Main estimates and judgments, used in preparing the financial statements.

# RANBAXY

## 3.2 Other significant accounting policies

### a) Tangible Assets

Tangible Fixed Asset is recorded at acquisition cost, net of accumulated depreciation, and is constituted by Administrative Equipment.

Depreciation is calculated using constant quota with duodecimal attribution and according to the minimum rate allowed by the Decree No. 25/2009 of 14th September. The annual rate applied reflects the estimated useful lives of assets.

In November 2012 was decided the closure of the company operations and in December 2012 were recorded impairment losses for the net value of tangible fixed assets.

In 2013, part of the Tangible Assets was W/O and donated.

### b) Intangibles Assets

Intangible Fixed Assets is recorded at acquisition cost, net of accumulated depreciation, and are formed by MA's (Marketing Authorization) acquired from third parties.

Amortization is calculated using constant quota with duodecimal attribution and reflects the estimated useful lives of commercialization or previously defined in contracts, the average is 5 years.

In November 2012 was decided the closure of the company operations and in December 2012 were recorded impairment losses for the net value of intangible assets.

As at March 31, 2015, intangible assets were totally W/O.

### c) Inventories

# RANBAXY

Inventories are valued at lower of acquisition cost and net realizable value. Inventories cost includes all expenses of purchase (transport, customs duties, insurance, labeling, etc.).

The exits of inventories are valued at weighted average price.

The Company reduces the cost of inventories (write down) to its net realizable value when the assets are carried at amounts greater than can be expected to result from their sale or use.

In November 2012 was decided the closure of the company operations and in December 2012 were recorded impairment losses for the net value of inventories. In 2015 was maintained the same procedure of previous years.

## **d) Provisions**

Considering the closure of operations, provisions are constituted by sales return, calculated on empirical evidence, and by current litigation process which are recorded in accordance with the expectation of the occurrence of corporate responsibility.

## **e) Revenue**

Revenue from sales and services rendered is recognized when the risks and advantages of ownership of the assets sold and services rendered, are transferred to the buyer.

## **f) Currency Exchange**

The elements included in the Financial Statements are measured using Euro, which is the functional and presentation currency of the Company.

Transactions in other currencies than Euro are converted into Euros using the exchange rates at transactions date, and the gain or loss are recognized in the Income Statement.

## **g) Income and Expenses Recognition**

# RANBAXY

The Financial Statements have been prepared in accordance with the rules of increase, under which all income and expenses are recorded in the year they were earned or incurred, regardless of its receipt or payment.

### **3.3 Main estimates and judgments**

NCRF requires estimates and judgments made within the decision-making on certain accounting treatments with impacts on the reported values in total assets, liabilities, equity, expenses and income. The effects may differ from the estimates and judgments made, particularly with regard to the effect of real income and spending.

Considering that in many cases there are alternatives to the accounting treatment adopted by the Company, the reported results could be different if a different accounting treatment had been chosen. However, there is no significant change in accounting policies, and these have been applied consistently.

The Board of Directors believes that the choices made are appropriate and that the financial statements properly present the Company's financial position and results of its operations in all material items.

The results of the alternatives discussed below are presented to assist the reader in understanding of the financial statements and are not intended to suggest that other alternatives are more appropriate.

#### *Impairment of non-current assets*

Fixed assets and intangible non-current assets held for sale are reviewed for impairment whenever exist events or circumstances that indicates that their net worth may not be recoverable.

#### *Provisions*

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. See note 3.2 d).

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## 3.4 Main assumptions concerning the future

In December 2012, was expected the closure of the company occur during the year 2013, this not to happen because was necessary to fulfill certain formalities and procedures, with the Medicines Regulatory Authority (Infarmed).

It is expected that the dissolution and liquidation of the Company shall occur during May 2015, after fulfilling all legal, tax and regulatory obligations.

## 3.5 Events after Balance Sheet Date

The financial statements presented reflect subsequent events occurring until , approval date of the statements, by the Board of Directors, as described in Note 2.

Events occurring after the balance sheet date about conditions that existed at the balance date are considered in the preparation of financial statements.

## 4. Cash Flows

Amounts booked in Cash and Bank Deposits:

|                               | March 2014      | March 2014       |
|-------------------------------|-----------------|------------------|
| Cash in Euros                 | 0,31            | 0,31             |
| Cash in Foreign Currency      | 551,64          | 551,64           |
| Bank Deposits                 | 6.117,45        | 97.918,94        |
| <b>Cash and Bank Deposits</b> | <b>6.669,40</b> | <b>98.470,89</b> |

## 5. Tangible Assets

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| Items                            | Opening Balance | Increase    | Disposals/<br>Write-Off | Final Balance |
|----------------------------------|-----------------|-------------|-------------------------|---------------|
| <b>Tangibles Assets</b>          |                 |             |                         |               |
| Office Equipment                 | 18.208,79       | 0,00        | 0,00                    | 18.208,79     |
| Depreciation                     | -12.710,02      | 0,00        | 0,00                    | -12.710,02    |
| Impairment Loss                  | -5.498,77       | 0,00        | 0,00                    | -5.498,77     |
| <b>Total Net Tangible Assets</b> | <b>0,00</b>     | <b>0,00</b> | <b>0,00</b>             | <b>0,00</b>   |

## 6. Intangible Assets

Intangible assets were totally W/O in December 2013.

## 7. Inventories

|                   | March 2015  | March 2014  |
|-------------------|-------------|-------------|
| Inventories       | 0,00        | 101.730,61  |
| Impairment Losses | 0,00        | -101.730,61 |
| <b>Total Net</b>  | <b>0,00</b> | <b>0,00</b> |

## 8. Inventories Adjustment

|             | Opening<br>Balance | Utilization | Increase | Final<br>Balance |
|-------------|--------------------|-------------|----------|------------------|
| Inventories | 101.730,61         | -101.730,61 | 0,00     | 0,00             |

## 9. Statement of Cost of Goods and Materials

| Description                        | March 2014  | March 2014  |
|------------------------------------|-------------|-------------|
| Initial Inventory                  | 101.730,61  | 99.484,55   |
| Purchases                          | 0,00        | 0,00        |
| Inventories Regularization         | -101.730,61 | 2.246,06    |
| Final Inventory                    | 0,00        | -101.730,61 |
| <b>Cost of Goods and Materials</b> | <b>0,00</b> | <b>0,00</b> |

Adjustments of inventories refer to physical destruction (W/O).

## 10. Non Current Assets held for sale



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Considering the closure of the activity and since there were no buyers for the MA's were asked to Infarmed (Regulatory Agency) the withdrawal of all the MA's.

As at March 31, 2015, are not accounted non-current assets held for sale.

## 11. Provisions

| Provisions                                | Current Litigation Process |
|---|----------------------------|
| <b>Opening Balance in 01st April 2014</b> | 50.000,00                  |
| Provision created                         | 0,00                       |
| Provision utilization                     | -50.000,00                 |
| <b>Final Balance in 31st March 2015</b>   | 0,00                       |

### Current Litigation Process Provision

Provision created in 2009 to provide a claim for ordinary proceedings brought by "Grunhental", regarding Tramadol, against Ranbaxy.

In June 2014, Grunenthal withdrew the legal proceedings leading to the provision reversal.

## 12. Revenue

| Revenue           | March 2015  | March 2014  |
|-------------------|-------------|-------------|
| Sales             | 0,00        | 0,00        |
| Services Rendered | 0,00        | 0,00        |
| <b>Total</b>      | <b>0,00</b> | <b>0,00</b> |

## 13. Other Income

| Other Income                   | March 2014       | March 2014      |
|--------------------------------|------------------|-----------------|
| Cash Payment Discounts Granted | 0,00             | 0,00            |
| Stock Gains                    | 0,00             | 0,00            |
| Exchange Gains                 | 0,00             | 0,00            |
| Disposals                      | 0,00             | 0,00            |
| Others                         | 12.695,80        | 2.483,32        |
| Interest Income                | 0,00             | 0,00            |
| <b>Total</b>                   | <b>12.695,80</b> | <b>2.483,32</b> |

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The item Others presents a balance of € 12.695,80, €9.036,02 is accrual reversion and €3.659,78 is the interest received of the legal proceedings against the customer WYNN.

## 14. Taxes

The amount of tax € 144,71, is Autonomous Taxation.

The company has fiscal losses to be recovered and the deadline for its use is as follows:

| Year | Fiscal Losses | Last year to recover |
|------|---------------|----------------------|
| 2009 | 866.196,95    | 2015                 |
| 2011 | 1.132.271,20  | 2015                 |
| 2012 | 622.920,23    | 2016                 |
| 2013 | 584.957,10    | 2018                 |
| 2014 | 53.290,59     | 2019                 |

The company has not recorded deferred tax assets, because an asset for deferred taxes relating to fiscal losses should only be recognized if there is a reasonable expectation that will be established taxable profits that allow the use of those losses. As explained above, since the company will close the operations will not be possible to recover tax losses.

## 15. Suppliers

Suppliers account has a balance of €746,77.

## 16. State and Other Public Entities

| State and Other Public Entities | March 2015 | March 2014 |
|---------------------------------|------------|------------|
| Withholding Tax                 | 0,00       | 0,00       |

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|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| VAT – to recover                 | 2.900,68         | 6.298,48         |
| Autonomous Taxation              | 0,00             | 0,00             |
| <b>Sub- Total</b>                | <b>2.900,68</b>  | <b>6.298,48</b>  |
| Special Payment on account       | 0,00             | 3.649,52         |
| Autonomous Taxation              | -144,71          | -4.603,95        |
| Withholding Income Taxes         | -705,00          | -705,00          |
| Tax Stamp                        | 0,00             | 0,00             |
| Contributions to Social Security | -1.200,61        | -1.200,61        |
| <b>Sub-total</b>                 | <b>-2.050,32</b> | <b>-2.860,04</b> |
| <b>Total</b>                     | <b>850,36</b>    | <b>3.438,44</b>  |

## 17. Other Accounts Payable

| Other Accounts Payable                  | March 2015       | March 2014       |
|---|------------------|------------------|
| <b>Accrued payroll employee</b>         | <b>12.140,24</b> | <b>8.153,80</b>  |
| Other Creditors                         | 0,00             | 17.636,00        |
| Creditors Customers                     | 0,00             | 22.522,75        |
| <b>Sub-total Other Accounts Payable</b> | <b>0,00</b>      | <b>40.158,75</b> |
| <b>Total</b>                            | <b>12.140,24</b> | <b>48.312,55</b> |

## 18. External Suppliers and Services

| External Suppliers and Services    | March 2015      | March 2014      |
|------------------------------------|-----------------|-----------------|
| Specialized Services               | 16.737,77       | 16.524,52       |
| Marketing and Publicity            | 0,00            | 0,00            |
| Honorary                           | 8.541,20        | 0,00            |
| Travel, Lodging and transportation | 0,00            | 0,00            |
| Rent and Rentings                  | 926,35          | 227,90          |
| Communication                      | 9.936,00        | 2.484,00        |
| Regulatory Expenses                | 8.200,96        | 2.054,70        |
| Others                             | 0,00            | 3.705,65        |
| <b>Total</b>                       | <b>5.040,90</b> | <b>4.585,66</b> |

The items values are not comparable due to the period under consideration being so different. The previous period is 3 months and the current is only 12 months.

## 19. Other Expenses

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| <b>Other Expenses</b>     | <b>March 2015</b> | <b>March 2014</b> |
|---------------------------|-------------------|-------------------|
| Cash Discounts            | 0,00              | 3,50              |
| Foreign Exchange Losses   | 0,00              | 4.717,89          |
| Fines and Other Penalties | 0,00              | 0,00              |
| Others                    | 6.251,66          | 47,13             |
| <b>Total</b>              | <b>6.251,66</b>   | <b>4.768,52</b>   |

## 20. Personnel Expenses

| <b>Personnel Expenses</b>     | <b>March 2014</b> | <b>March 2014</b> |
|-------------------------------|-------------------|-------------------|
| Payroll Payable               | 27.964,36         | 7.696,59          |
| Charges on personnel expenses | 13.538,55         | 3.298,08          |
| Insurance                     | 2.107,91          | 705,36            |
| Redundancy payments           | 3.983,32          | 0,00              |
| Training                      | 0,00              | 0,00              |
| <b>Total</b>                  | <b>47.594,14</b>  | <b>80.546,26</b>  |

On March 31, 2015 the company had one employee.

## 21. Net Financial Expenses

| <b>Net Financial Expenses</b> | <b>March 2015</b> | <b>March 2014</b> |
|-------------------------------|-------------------|-------------------|
| Bank Charges                  | 9.169,8           | 4.248,35          |
| <b>Total</b>                  | <b>9.169,8</b>    | <b>4.248,35</b>   |

## 22. Related Parties

The share capital of € 5.000 of Ranbaxy Portugal consists of a single share owned by Ranbaxy (Netherlands) BV, a subsidiary of Ranbaxy Laboratories Limited based in New Delhi in India.

There were no transactions with related parties.

The balances with related parties are as follows:

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| Related Parties        | Operation        | March 2014 | March 2014 |
|------------------------|------------------|------------|------------|
| Ranbaxy UK Limited     | Customer Balance | 0,00       | 5.390,36   |
| Ranbaxy Europe Limited | Supplier Balance | 0,00       | 0,00       |

## 23. Subsequent Events

On this date are not known any subsequent events with significant impact in the financial statements of 31 March 2015.

After the accounts closure and until the elaboration of this report, there were no other circumstances that would affect the situation of the accounts for the purposes of paragraph b) of number 5 of Article 66º of the CSC.

## 24. Commitments and Contingencies

At the end of November 2013, the company received complaint of unfair dismissal from employment in the amount of € 269.613,70 from the ex- Country Manager Dr. Rui Santos.

It is the conviction of the Board of Directors, duly seconded and shared by the company's lawyers, that it is not likely that the company will be held liable for this claim, and that the employee will not succeed with any lawsuit that may be commenced. As this case does not represent a probable contingency for the company, accordingly, it has not been provided for.

However, a bank guarantee was provided to the court by one of the group companies.

Porto, 30<sup>th</sup> April 2014

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The Accountant

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# RANBAXY

The Board of Directors