



TIN

7 7 2 0 5 0 8 0 9 4 - -

№ 1 to Decree of th Ministry of Finance of the Russian Federation dated 15.12.2010 № MMB-7-3/730@

KPP

7 7 1 7 0 1 0 0 1 Page: 0 0 1

Classifier of Tax Documents Form 1151006

Page 01

Corporate Profits Tax Return

Number of adjustment 0 - -

Tax (accounting) period (code) 3 4

Accounting year 2 0 1 4

submitted to tax authority (code)

7 7 1 7

by location (accounting) (code) 2 1 4

Z A O R A N B A X Y

(organization/subdivision)

Economic activity code as per OKVED 5 1 . 4 6 . 1

Reorganization form, liquidation (code) -

TIN/KPP of reorganized organization (subsidiary)

Contact telephone

on 1 9 - pages

with supporting documents or their copies on - - - pages

Power of Attorney and the information herein verified by:

1 1 - tax payer
2 - tax payer's representativeK H A N N A - - - - -
A M A N - - - - -

(full name)

- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -

(organization - tax payer representative)

Signature _____ Date 2 7 . 0 2 . 2 0 1 5

SEAL

Name of document proving representative's authority

- - - - -
- - - - -

To be completed by a tax authority employee

Information on tax return submitter

This tax return was presented (code) - -

on - - - pages

with supporting documents
or their copies on - - - pages

Date of tax return submission - . - . -

Registered under No - - - - -

(full name)

(signature)

Director's Report /Отчет директоров

The management herewith presents to shareholder the annual accounts of ZAO Ranbaxy, Russia (hereinafter Entity) for the year ended December 31, 2014.

Руководство компании настоящим представляет акционерам компании результаты деятельности ЗАО Ранбакси, Россия (в дальнейшем именуемое общество) за год, оканчивающийся 31 декабря 2014 г.

General/Общее положение

The Entity is a Closed Joint Stock Company incorporated under the laws of Russian Federation and acts as an intermediate subsidiary of Ranbaxy Laboratories Limited, India.

Общество, организованное в форме закрытого акционерного общества, действует в соответствии с законодательством Российской Федерации и является дочерней компанией фармацевтической фирмы Ранбакси Лабораториз, Индия.

Overview of Activities/Обзор деятельности компании

Sales of the entity during the year 2014 were 2 951 Mn RUB [In INR 3,338 Mn] (2013; 2 819 Mn RUB – IN INR 5,287 Mn) reflecting gain in sales of 4,7 %.

Продажи общества по итогам 2014 года составили 2 951 млн рублей [In INR 3,338 Mn]. (2013; 2 819 млн. Рублей IN INR 5,287), что отражает увеличение продаж на 4,7%.

Results/Результаты деятельности общества

The results of the year 2014 amounts to Net loss after taxes of -38 Mn RUB [IN INR -43 Mn] as against Net profit after tax of 188 Mn RUB [IN INR 353 Mn] in 2013.

По результатам деятельности за 2014 год общество получило чистый убыток после налогообложения в размере -38 млн рублей [IN INR -43 Mn] (2013; Чистая прибыль 188 млн. рублей [IN INR 353 Mn]).

There was Net Loss during year 2014 due to devaluation of Russia Ruble, the forex loss was 193 Mn RUB [IN INR 362 Mn]

На резкое снижение прибыльности компании в значительной мере повлияла девальвация рубля, убыток из-за снижения курса составил 193 млн рублей [IN INR 362 Mn].

Future Outlook/Перспективы развития

The management is of the opinion that there would be positive sales growth in next financial year & net profit would be maintained.

Руководство компании выражает мнение о том, что в следующем финансовом году будет рост продаж с сохранением прибыльности.

Aman Khanna/Аман Кханна
(General Director)/(Генеральный директор)

Statement of Financial Performance
for January - December 2014

		OKUD Code	0710002	
		Date (day, month, year)	31	12
Company	RANBAXY Closed Joint Stock Company	according to OKPO	7298335	
Taxpayer Identification Number		INN	77205080	
Type of economic activity	Wholesaling pharmaceutical and medical products	according to OKVED	51.46.1	
Type of incorporation / form of ownership	Closed Joint Stock Company / Private property	according to OKOPF/OKFS	67	
Measurement unit:	thousand Rubles	according to OKEI	384	

Description	Item	Code	January - December 2014	January - December 2013
	Revenue	2110	2,950,622	2,8
6.	Cost of sales	2120	-2,012,431	-2,1
	Gross profit (loss)	2100	938,191	6
6.	Selling expenses	2210	-647,639	-4
	Management expenses	2220	-	
	Profit (loss) on sales	2200	290,552	1
	Participation profit	2310	-	
	Interest receivable	2320	15,561	
	Interest due	2330	-13,169	-
	Other income	2340	312,522	7
	Other expenses	2350	-647,000	-6
	Profit (loss) before taxes	2300	-41,534	2
	Current income tax	2410	-4,152	-
	including permanent tax liabilities (assets)	2421	4,785	
	Changes in deferred tax liabilities	2430	1,293	
	Changes in deferred tax assets	2450	6,381	
	Others	2460	-	
	Net profit (loss)	2400	-38,012	1
	FOR REFERENCE ONLY			
	Surplus on revaluation of fixed assets not included in the	2510	-	
	Surplus on other transactions not included in the net	2520	-	
	Gross financial result for fiscal period	2500	-38,012	1
	Basic earnings (losses) per share	2900	-13	
	Diluted earnings (losses) per share	2910	-	

Head _____
(signature)

Khanna Aman

(full name)

March 12, 2015 _____

2
2014
6
94
16

ember
19,262
83,902
35,360
61,551
-
73,809
-
6,688
10,065
33,981
66,985
37,428
53,870
1,909
6,051
-1,576
-
88,033
-
-
88,033
63
-

Balance Sheet
as of December 31, 2014

Company **RANBAXY Closed Joint Stock Company**
 Taxpayer Identification Number _____
 Type of economic activity **Wholesaling pharmaceutical and medical products**
 Type of incorporation / form of ownership **Closed Joint Stock Company / Private Property**
 Measurement unit: thousand Rubles
 Place of location (address) **Building 537/2, 119, pr-t Mira, 129223 Moscow**

Codes		
OKUD Code		
0710001		
Date (day, month, year)	31	12 2014
according to OKPO	72983356	
INN	7720508094	
according to OKVED	51.46.1	
according to OKOPF/OKFS	67	16
according to OKEI	384	

Note	Item	Code	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
	ASSETS				
	I. NON-CURRENT ASSETS				
1.1.	Intangible assets	1110	2,929	4,225	
	Results of researches and developments	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1.	Fixed assets	1150	36,503	29,423	17,724
	Income yielding investments into tangible assets	1160	-	-	-
	Financial investments	1170	-	-	-
	Deferred tax assets	1180	6,509	128	1,705
	Other non-current assets	1190	-	-	-
	Total Section I	1100	45,941	33,776	19,429
	II. CURRENT ASSETS				
4.1.	Inventories	1210	456,391	362,034	749,586
	including:				
	Materials	12101	96	724	660
	Goods	12102	452,446	357,329	743,184
	other inventories and expenditures	12103	3,849	3,981	5,742
	Value added tax on acquired assets	1220	3532	-	-
5.1.	Trade and other receivables	1230	1,395,901	984,995	955,181
	including:				
	settlements with purchasers and clients	12301	14,032	11,691	9,352
	advances paid	12302	1,302,004	902,077	890,095
	settlements in respect of taxes and levies	12303	41,946	49,628	30,746
	settlements in respect of social insurance and social security	12304	2984	1188	907
	settlements with accountable persons	12305	3,490	1,831	603
	other settlements with personnel	12306	2,549	2,344	1,422
	other receivables	12307	28,896	16,236	22,056
3.1.	Financial investments (except cash equivalents)	1240	235,000	250,010	425,000
	Including:				
	Deposits in bank	12401	235,000	250,010	425,000
	Cash and cash equivalents	1250	43,782	65,106	58,945
	including:				
	cash in vault	12501	12	31	3
	operating accounts	12502	42,506	65,075	58,910
	foreign currency accounts	12503	1,264	-	32
	Other current assets	1260	1,181	2,171	3,225
	Total Section II	1200	2,135,787	1,664,316	2,191,937
	BALANCE	1600	2,181,728	1,698,092	2,211,366

To the shareholders
of the Closed Joint Stock Company

RANBAXY

Auditors' report

on the financial statements
of the Closed Joint Stock Company RANBAXY
for the 2014 reporting year

Information on the audit firm

Name of the audit firm: Joint Stock Company KPMG

Location (legal address): 18/1, Olympiysky prospect, Room 3035, Moscow 129110.

Postal address: 10, Presnenskaya Naberezhnaya, Block C, floor 31, Moscow 123317.

State registration: Registered by the Moscow Registration Chamber on 25 May 1992, Registration No.011.585.

Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No.005721432.

Membership in a self-regulating auditors' organization: Member of the Non-commercial Partnership "Chamber of Auditors of Russia".

The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organizations: No.10301000804.

Information on the audited company

Name of audited company: Closed Joint Stock Company RANBAXY.

Location (legal address): 537/2, 119, Mira avenue, Moscow, 129223.

Postal address: 537/2, 119, Mira avenue, Moscow, 129223.

State registration: Registered in the Unified State Register of Legal Entities on 20 May 2004 by Interregional taxes and duties inspection of Russian Federation, Registration No.1047796353846, Certificate series 77 No. 006830744.

Auditors' report

To the shareholders of the Closed Joint Stock Company RANBAXY

We have audited the accompanying financial statements of the Closed Joint Stock Company RANBAXY (hereinafter the "Company") for the 2014 reporting year.

The financial statements, set on 45 pages, comprise:

- the balance sheet as at 31 December 2014;
- the statement of financial performance for 2014;
- the appendices to the balance sheet and the income statement including:
 - the statement of changes in equity for 2014;
 - the cash flow statement for 2014;
 - the notes to the balance sheet and the income statement;
- the explanatory notes.
-

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and reliability of the financial statements in accordance with the requirements of the Russian reporting legislation and for the system of internal control necessary for the preparation of the financial statements which are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements in all material respects based on our audit. We conducted our audit in accordance with the Federal Standards on Auditing. These standards require that we comply with relevant ethical requirements and planning and performing the audit in order to obtain sufficient assurance as to whether the financial statements are free from material misstatements.

The audit included performing procedures to obtain audit evidence confirming the amounts and disclosures in the financial statements. The selection of the procedures is a matter of our judgment, which is based on the assessment of risk of material misstatement, whether due to fraud or error. In the process of risk assessment we considered the system of internal control relevant to the preparation and reliability of the financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The audit also included an assessment of the appropriateness of the Company's accounting policy and the reasonableness of the estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

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

CJSC RANBAXY
Auditors' report
on the financial statements for the 2014 reporting year

Opinion

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and cash flows for the 2014 reporting year in accordance with the requirements of the Russian reporting legislation.

Deputy Director of JSC KPMG,
(power of attorney dated 16 March 2015 No. 35/15)
23 March 2015

Bezverkhaya A.A.

Statement of changes in equity

January - December 2014

Company RANBAXY Closed Joint Stock Company

Taxpayer Identification Number _____

Type of economic activity Wholesaling pharmaceutical and medical products

Type of incorporation / form of ownership Closed Joint Stock Company / Private Property

Measurement unit: thousand Rubles

Codes			
OKUD Code	0710003		
Date (day, month, year)	31	12	2014
according to OKPO	72983356		
INN	7720508094		
according to OKVED	51.46.1		
according to OKOPF/OKFS	67	16	
according to OKEI	384		

1. Capital flow

Item	Code	Share capital	Treasury shares	Additional capital	Reserve capital	Undistributed profit (uncovered loss)
Equity as of December 31, 2012	3100	3,000	-	-	750	246,010
<u>Equity for 2013</u>						
Total increase in equity:	3210	-	-	-	-	188,033
including:						
net profit	3211	X	X	X	X	188,033
revaluation of assets	3212	X	X	-	X	-
gains related directly to increase in equity	3213	X	X	-	X	-
additional share issue	3214	-	-	-	X	X
increase in par value of shares	3215	-	-	-	X	-
reorganization of legal entity	3216	-	-	-	-	-

Total
249,760
188,033
188,033
-
-
-
X
-

Item	Code	January - December 2014
Cash flow from financing activities		
Total cash received	4310	0
including:		
from borrowings and loans	4311	0
cash deposits of owners (members)	4312	0
from share issue, increasing participatory interests	4313	0
from issue of debentures, promissory notes, and other debt securities, and etc.	4314	0
	4315	0
Other cash received	4319	0
Total cash paid	4320	-175,508
including:		
to owners (members) due to redemption of their shares (interests) of companies or cessation of their membership	4321	0
for distribution of dividends and other profit to owners (members)	4322	0
for redemption (buy-back) promissory notes and other debt securities, repayment of credits and loans	4323	-155,132
	4324	0
Other cash paid	4329	0
Net cash used by financing activities	4300	-155,132
Net cash flow for the reporting period	4400	-24,462
Cash and cash equivalents at the beginning of the reporting period	4450	73,658
Cash and cash equivalents at the end of the reporting period	4500	49,533
Effect of exchange rate changes on cash in Ruble	4490	337

Head _____
(signature)

Khanna Aman _____
(full name)

March 12, 2015

January - December
2013

617,211
617,211
0
0
0
0
0
-154,632
0
0
-154,632
0
0
462,579
19,674
110,550
122,104
-8,119

| 0.8839 | 0.5332 |

5. Receivables and payables

5.1. Movement of receivables

Item	Period	At the beginning of the year		Changes in the period					At end of period		
		Accounted in accordance with contract terms	Doubtful debt reserve	Additions		Disposals			Long-term receivables transferred to short-term	Accounted in accordance with contract terms	Doubtful debt reserve
				From business operations (debt on transaction/operation) ⁸	Interest, penalties and other amounts due ⁸	Settlement	Written off ⁸	Reversal of reserve			
Long-term receivables - total	for 20 ₁₄ ¹		()			()	()		()		()
	20 ₁₃ ²		()			()	()		()		()
including: (type)	20 ₁₄ ¹		()			()	()		()		()
	for 20 ₁₃ ²		()			()	()		()		()
(type)	20 ₁₄ ¹		()			()	()		()		()
	for 20 ₁₃ ²		()			()	()		()		()
etc.											
Short-term receivables - total	for 20 ₁₄ ¹	1,022,886	(37,891)	4,133,949		(3,721,994)	(1)	13,318		1,434,840	(38,939)
	20 ₁₃ ²	1,021,778	(66,597)	3,852,156		(3,851,043)	(5)	43,764		1,022,886	(37,891)
including: <i>settlements with purchasers and clients</i>	20 ₁₄ ¹	939,968	(37,891)	3,247,828		(2,847,900)	(1)	13,318		1,339,895	(37,891)
	for 20 ₁₃ ²	956,692	(66,597)	3,103,158		(3,119,877)	(5)	43,764		939,968	(37,891)
<i>advances paid</i>	20 ₁₄ ¹	11,691	()	156,097		(152,708)	()			15,080	(1,048)
	for 20 ₁₃ ²	9,352	()	125,981		(123,642)	()			11,691	()
<i>others</i>	20 ₁₄ ¹	16,236	()	386,138		(373,478)	()			28,896	()
	for 20 ₁₃ ²	22,056	()	401,236		(407,056)	()			16,236	()
<i>settlements in respect of taxes and levies</i>	20 ₁₄ ¹	49,628	()	240,002		(247,684)	()			41,946	()
	for 20 ₁₃ ²	30,746	()	155,148		(136,266)	()			49,628	()
<i>settlements in respect of social insurance and social security</i>	20 ₁₄ ¹	1,188	()	69,637		(67,841)	()			2,984	()
	for 20 ₁₃ ²	907	()	45,512		(45,231)	()			1,188	()
<i>other settlements with personnel</i>	20 ₁₄ ¹	2,344	()	8,088		(7,883)	()			2,549	()
	for 20 ₁₃ ²	1,422	()	3,890		(2,968)	()			2,344	()
<i>other receivables</i>	20 ₁₄ ¹	1,831	()	26,159		(24,500)	()			3,490	()
	for 20 ₁₃ ²	603	()	17,231		(16,003)	()			1,831	()
etc.											
Total	20 ₁₄ ¹	1,022,886	(37,891)	4,133,949		(3,721,994)	(1)	13,318	x	1,434,840	(38,939)
	20 ₁₃ ²	1,021,778	(66,597)	3,852,156		(3,851,043)	(5)	43,764	x	1,022,886	(37,891)

0710005 p. 11

5.2. Receivables overdue

Item	As at 31 December 20 14 ⁴		As at 31 December 20 13 ²		As at 31 December 20 12 ⁵	
	Accounted in accordance with contract terms	Carrying amount	Accounted in accordance with contract terms	Carrying amount	Accounted in accordance with contract terms	Carrying amount
Total	38,939		37,891		66,597	
including: <i>Customers and clients</i>	37,891		37,891		66,597	
including: <i>settlements with suppliers and customers</i>	1,048					
etc.						

5.3. Movement of payables

Item	Period	Opening balance	Changes in the period					Closing balance
			Additions		Disposals		Long-term payables transferred to short- term	
			From business operations (amount owed on the transaction/operation) ⁹	Interest, penalties and other charges ⁹	Settlement	Written off ⁹		
Long-term payables - total	for 20 14 ¹	327,292	185,830		()	()	(330,415)	
	20 13 ²		345,784		(18,492)	()	()	327,292
including: <i>loans</i>	20 14 ¹	327,292	185,830		(182,707)	()	(330,415)	
	for 20 13 ²		345,784		(18,492)	()	()	327,292
etc.								
Short-term payables - total	for 20 14 ¹	851,868	3,244,938	15,248	(2,803,278)	(429)	330,415	1,638,762
	20 13 ²	1,892,191	2,485,272	10,207	(3,535,788)	(14)		851,868
including: <i>Liability to the suppliers</i>	20 14 ¹	617,578	2,246,084		(1,814,066)	()		1,049,596
	for 20 13 ²	1,620,075	1,891,398		(2,893,887)	(8)		617,578
including: <i>Advances received</i>	20 14 ¹	1,282	37,985		(38,390)	(425)		452
	for 20 13 ²	947	56,239		(55,899)	(5)		1,282
including: <i>Liability in respect of taxes and dues</i>	20 14 ¹	24,400	300,896		(314,782)	()		10,514
	for 20 13 ²	189	319,080	25	(294,893)	(1)		24,400
including: <i>loans</i>	20 14 ¹	165,600	39,743	15,248	(163,717)	()	330,415	387,289
	for 20 13 ²	227,875	32,625	10,182	(105,082)	()		165,600
including: <i>Other payables</i>	20 14 ¹	43,008	461,830		(472,323)	(4)		32,511
	for 20 13 ²	43,105	185,930		(186,027)	()		43,008
including: <i>settlements with founders for deposits to the authorized capital</i>	20 14 ¹		158,400		()	()		158,400
	for 20 13 ²				()	()		
etc.								
Total	20 14 ¹	1,179,160	3,430,768	15,248	(2,985,985)	(429)	x	1,638,762
	20 13 ²	1,892,191	2,831,056	10,207	(3,554,280)	(14)	x	1,179,160

0710005 p. 12

5.4. Payables past-due

Item	As at 31 December 20 14 ⁴	As at 31 December 20 13 ²	As at 31 December 20 12 ⁵
Total			
including:			
(type)			
(type)			
etc.			

6. Production costs

Items	For 20 14 ¹	For 20 13 ²
Material costs	2,030,483	2,194,259
Payroll expenses	256,840	175,017
Social taxes	59,183	39,042
Depreciation/amortisation	13,884	8,181
Other expenses	299,548	227,193
Total	2,659,938	2,643,692
Change of work in progress, finished goods etc. (decrease [+]), etc	132	1,761
Total	2,660,070	2,645,453

0710005 p. 10

5. Receivables and payables

5.1. Movement of receivables

Item	Period	At the beginning of the year		Changes in the period					At end of period		
		Accounted in accordance with contract terms	Doubtful debt reserve	Additions		Disposals			Long-term receivables transferred to short-term	Accounted in accordance with contract terms	Doubtful debt reserve
				From business operations (debt on transaction/operation) ⁸	Interest, penalties and other amounts due ⁸	Settlement	Written off ⁸	Reversal of reserve			
Long-term receivables - total	for 20 ₁₄ ¹		()			()	()		()		()
	20 ₁₃ ²		()			()	()		()		()
including: (type)	20 ₁₄ ¹		()			()	()		()		()
	for 20 ₁₃ ²		()			()	()		()		()
(type)	20 ₁₄ ¹		()			()	()		()		()
	for 20 ₁₃ ²		()			()	()		()		()
etc.											
Short-term receivables - total	for 20 ₁₄ ¹	1,022,886	(37,891)	4,133,949		(3,721,994)	(1)	13,318		1,434,840	(38,939)
	20 ₁₃ ²	1,021,778	(66,597)	3,852,156		(3,851,043)	(5)	43,764		1,022,886	(37,891)
including: <i>settlements with purchasers and clients</i>	20 ₁₄ ¹	939,968	(37,891)	3,247,828		(2,847,900)	(1)	13,318		1,339,895	(37,891)
	for 20 ₁₃ ²	956,692	(66,597)	3,103,158		(3,119,877)	(5)	43,764		939,968	(37,891)
<i>advances paid</i>	20 ₁₄ ¹	11,691	()	156,097		(152,708)	()			15,080	(1,048)
	for 20 ₁₃ ²	9,352	()	125,981		(123,642)	()			11,691	()
<i>others</i>	20 ₁₄ ¹	16,236	()	386,138		(373,478)	()			28,896	()
	for 20 ₁₃ ²	22,056	()	401,236		(407,056)	()			16,236	()
<i>settlements in respect of taxes and levies</i>	20 ₁₄ ¹	49,628	()	240,002		(247,684)	()			41,946	()
	for 20 ₁₃ ²	30,746	()	155,148		(136,266)	()			49,628	()
<i>settlements in respect of social insurance and social security</i>	20 ₁₄ ¹	1,188	()	69,637		(67,841)	()			2,984	()
	for 20 ₁₃ ²	907	()	45,512		(45,231)	()			1,188	()
<i>other settlements with personnel</i>	20 ₁₄ ¹	2,344	()	8,088		(7,883)	()			2,549	()
	for 20 ₁₃ ²	1,422	()	3,890		(2,968)	()			2,344	()
<i>other receivables</i>	20 ₁₄ ¹	1,831	()	26,159		(24,500)	()			3,490	()
	for 20 ₁₃ ²	603	()	17,231		(16,003)	()			1,831	()
etc.											
Total	20 ₁₄ ¹	1,022,886	(37,891)	4,133,949		(3,721,994)	(1)	13,318	x	1,434,840	(38,939)
	20 ₁₃ ²	1,021,778	(66,597)	3,852,156		(3,851,043)	(5)	43,764	x	1,022,886	(37,891)

0710005 p. 11

5.2. Receivables overdue

Item	As at 31 December 20 14 ⁴		As at 31 December 20 13 ²		As at 31 December 20 12 ⁵	
	Accounted in accordance with contract terms	Carrying amount	Accounted in accordance with contract terms	Carrying amount	Accounted in accordance with contract terms	Carrying amount
Total	38,939		37,891		66,597	
including: <i>Customers and clients</i>	37,891		37,891		66,597	
including: <i>settlements with suppliers and customers</i>	1,048					
etc.						

5.3. Movement of payables

Item	Period	Opening balance	Changes in the period					Closing balance
			Additions		Disposals		Long-term payables transferred to short- term	
			From business operations (amount owed on the transaction/operation) ⁹	Interest, penalties and other charges ⁹	Settlement	Written off ⁹		
Long-term payables - total	for 20 14 ¹	327,292	185,830		()	()	(330,415)	
	20 13 ²		345,784		(18,492)	()	()	327,292
including: <i>loans</i>	20 14 ¹	327,292	185,830		(182,707)	()	(330,415)	
	for 20 13 ²		345,784		(18,492)	()	()	327,292
etc.								
Short-term payables - total	for 20 14 ¹	851,868	3,244,938	15,248	(2,803,278)	(429)	330,415	1,638,762
	20 13 ²	1,892,191	2,485,272	10,207	(3,535,788)	(14)		851,868
including: <i>Liability to the suppliers</i>	20 14 ¹	617,578	2,246,084		(1,814,066)	()		1,049,596
	for 20 13 ²	1,620,075	1,891,398		(2,893,887)	(8)		617,578
including: <i>Advances received</i>	20 14 ¹	1,282	37,985		(38,390)	(425)		452
	for 20 13 ²	947	56,239		(55,899)	(5)		1,282
including: <i>Liability in respect of taxes and dues</i>	20 14 ¹	24,400	300,896		(314,782)	()		10,514
	for 20 13 ²	189	319,080	25	(294,893)	(1)		24,400
including: <i>loans</i>	20 14 ¹	165,600	39,743	15,248	(163,717)	()	330,415	387,289
	for 20 13 ²	227,875	32,625	10,182	(105,082)	()		165,600
including: <i>Other payables</i>	20 14 ¹	43,008	461,830		(472,323)	(4)		32,511
	for 20 13 ²	43,105	185,930		(186,027)	()		43,008
including: <i>settlements with founders for deposits to the authorized capital</i>	20 14 ¹		158,400		()	()		158,400
	for 20 13 ²				()	()		
etc.								
Total	20 14 ¹	1,179,160	3,430,768	15,248	(2,985,985)	(429)	x	1,638,762
	20 13 ²	1,892,191	2,831,056	10,207	(3,554,280)	(14)	x	1,179,160

0710005 p. 12

5.4. Payables past-due

Item	As at 31 December 20 14 ⁴	As at 31 December 20 13 ²	As at 31 December 20 12 ⁵
Total			
including:			
(type)			
(type)			
etc.			

6. Production costs

Items	For 20 14 ¹	For 20 13 ²
Material costs	2,030,483	2,194,259
Payroll expenses	256,840	175,017
Social taxes	59,183	39,042
Depreciation/amortisation	13,884	8,181
Other expenses	299,548	227,193
Total	2,659,938	2,643,692
Change of work in progress, finished goods etc. (decrease [+]), etc	132	1,761
Total	2,660,070	2,645,453

Notes

to Accounting Statements of ZAO “RANBAXY” for 2014

1. Data on the Joint-Stock Company

1.1. Full name of the Company: Closed Joint-Stock Company RANBAXY

1.2. Registered address: 119 Prospekt Mira, bldg. 537/2, Moscow, 129223

1.3. Actual address: 119 Prospekt Mira, bldg. 537/2, Moscow, 129223

1.4. Date of state registration: May 20, 2004; Primary State Registration Number 1047796353846.

1.5. Authorized capital of the Company makes up 3,000,000 rubles. Shareholders' structure: Closed Joint-Stock Company “RANBAXY (NETHERLANDS) B.V.”, registered in the Chamber of Trade and Commerce of Amsterdam under No. 33254757, – 99 percent of the authorized capital, Private Limited Liability Company “Ranbaxy Holdings (Great Britain) Limited”, registered in the Company Registration Service for England and Wales under No. 3062051, – 1 percent. Shares in the authorized capital are fully paid. Quantity of the placed securities makes up 3,000 pieces. The par value of each security makes up 1,000 rubles.

1.6. The Company has no subsidiaries or affiliates.

1.7. Data on the standalone subdivisions.

- On 19.12.2008, standalone subdivision “Warehouse for wholesaling medicinal products” was established and registered at its location (address: 2 Dachnaya St., let. B, B2, village of Davydovskoye, Luchinskoye Rural Settlement, Istrinsky District, Moscow Oblast, 143521) with Inspectorate of the Federal Tax Service of Russia for the town of Istra, Moscow Oblast.
On 14.04.2014, the subdivision location was changed (address: village of Leshkovo, bldg. 244, Istrinsky District, Moscow Oblast).
- On 07.05.2009, a standalone subdivision was established and registered at its location (address: 12 Tambovskaya St., let. B, St. Petersburg, 192007) with Interdistrict Inspectorate of the Federal Tax Service No. 27 for St. Petersburg.
- On 15.09.2009, a standalone subdivision was established and registered at its location (address: 44/17 Dekabristov St., Yekaterinburg, Sverdlovsk Oblast, 620142) with Inspectorate of the Federal Tax Service of Russia for Leninsky District of Yekaterinburg.
- On 15.09.2009, a standalone subdivision was established and registered at its location (address: 104/32 Pushkinskaya St., office 9, Rostov-on-Don, Rostov Oblast, 344006) with Interdistrict Inspectorate of the Federal Tax Service of Russia No. 25 for Rostov Oblast.
- On 29.04.2014, a standalone subdivision was established and registered at its location (address: 1 Uritskogo St., room 3, Samara, Samara Oblast, 443030) with Inspectorate of the Federal Tax Service for Zheleznodorozhny District of Samara.
- On 29.04.2014, a standalone subdivision was established and registered at its location (address: 45 Dekabristov St., Omsk, Omsk Oblast, 644024) with Inspectorate of the Federal Tax Service of Russia for the Central Administrative District of Omsk.

- On 29.04.2014, a standalone subdivision was established and registered at its location (address: 111 Uritskogo St., premise 351 209, Krasnoyarsk, Krasnoyarsk Territory, 660049) with Inspectorate of the Federal Tax Service for the Central District of Krasnoyarsk.

1.8. *The main activity* of the Company is wholesaling of medicinal products. The license (valid) FS-99-02-000532 dated 26.02.2009, the venue of the license FS-99-02-000532 is at the address: 2 Dachnaya St., let. B, B2, village of Davydovskoye, Luchinskoye Rural Settlement, Istrinsky District, Moscow Oblast, 143521, and the license (valid) FS-99-02-003803 dated April 14, 2014, for pharmaceutical activity (series FS No. 0019072), the venue of the license FS-99-02-003803 is at the address: village of Leshkovo, bldg. 244, Istrinsky District, Moscow Oblast.

1.9. *The Company is subject to mandatory audit* according to the criteria specified in Federal Law No. 307-FZ “On Audit Activities” dated December 31, 2008, which was entrusted to CJSC “KPMG”.

1.10. *Structure of the Company’s executive and control bodies:*

1. General Director – Aman Khanna;
2. Deputy General Director – Arutyunov Valery Orlikovich;
3. Financial Director – Vivek Kapur;
4. Chief Accountant – Malik Elena Vasilyevna (till November 26, 2014);
5. Interim Chief Accountant – Kapustina Svetlana Vladimirovna (from November 27, 2014).

2. Major Elements of the Company’s Accounting Policy.

2.1. Accounting Policy for Accounting Purposes.

The Company’s accounting is kept in accordance with the Russian Federation laws on accounting. The Company has drawn up accounting statements based on the applicable rules of accounting and reporting of the Russian Federation.

2.1.1. The Company’s accounting is kept by the Accounting Department being an independent structural subdivision under the guidance of Chief Accountant.

2.1.2. In the accounting the income is defined in accordance with the Accounting Regulations “Income of Organizations” PBU 9/99 approved by the Order of the Ministry of Finance of the Russian Federation dated May 06, 1999, No. 32n. Sales are reflected in the accounting:

– by ordinary income on the account 90.1.1 “Sales” at the time of shipping (transfer to the buyer) and transfer of settlement documents for shipped products to the buyer taking into account the time of transfer of ownership. The ordinary income includes the income from the types of activity where the proceeds make over 5 per cent of the total sales;

– remuneration under commission, engagement and agency agreements at the time of the principal’s approval of the commission agent’s (nominee’s, agent’s) report on sales of products, works and services.

Proceeds from sales by types of activity subject to value added tax at various rates and non-taxable activity is reflected in separate subcount of the account 90.1.1 “Sales”.

2.1.3. In the accounting the expenses are defined in accordance with the Accounting Regulations “Expenses of Organizations” PBU 10/99. Expenses are reflected in the accounting irrespective of the intention to collect proceeds or other revenues and of the expense form (monetary, in kind, other). In the accounting the expenses are recognized in the reporting period when they were incurred irrespective of the time of actual payment of funds.

2.1.4. Useful life of the fixed assets is determined based on the Classification of Fixed Assets by Depreciation Groups approved by Resolution No. 1 of the Russian Federation Government dated January 1, 2002. For new fixed assets the following depreciation terms are established:

Furniture	61 months
Office facilities	37 months
Computer equipment	35 months
Motor vehicles	60 months

2.1.5. Depreciation of the fixed assets is accrued according to a straight-line method.

2.1.6. Low value items of fixed assets having the cost of no more than 40,000 rubles, as well as books, brochures and other publications are charged off upon their release for service.

2.1.7. Annual reevaluation of the fixed assets is not performed.

2.1.8. Deferred expenses posted to account 97 are classified in the accounting statements in the following way: as advanced paid:

- expenses on insurance
- permits
- advertising

as other current assets:

- expenses on licensing
- expenses on purchase of software for computers and data bases
- expenses on certification
- expenses on repair of the fixed assets
- expenses on customs service of the cargo
- authorization for employment of foreign nationals.

2.1.9. Goods and materials are written off by FIFO method.

2.1.10. Provisions for doubtful debts are created with regard to expediency and in accordance with the accounting regulations.

2.1.11. Provision for decrease in the cost of tangible assets is created at the end of the year taking into account the remaining shelf-life. Provision is calculated on a monthly basis. Stock balance is determined at the end of the quarter and written down to the market value. Regarding the goods having the remaining shelf-life of no more than 6 months, the provision is calculated at the rate of 100%; regarding the goods having the remaining shelf-life of no less than 7 month and no more than 12 months – at the rate of 50%; and additionally, regarding the goods having the remaining shelf-life of no more than 50% and no less than 13 months as of the date of provision calculation – at the rate of 25%. In addition to that, the goods are evaluated on other grounds, in accordance with the Accounting Regulation PBU 5/01.

2.1.12. The Company creates estimated liabilities in accordance with the Accounting Regulations PBU 8/2010.

2.1.13. The Company applies the Accounting Regulations PBU 18/02. Accrual registers are formed with the use of 1C “Manufacturing Enterprise Management” software.

2.1.14. In accordance with the prescribed marketing policy, buyers benefit from awards (bonuses) and discounts.

2.1.15. Short-term deposits opened with the banks for the term of up to 3 months are presented in accounting statements as financial investments.

2.2. Accounting Policy for Tax Purposes.

2.2.1. The Company determines the VAT tax base in proportion to shipment.

2.2.2. For the purpose of recognition of income and expenses when calculating the income tax, the Company uses the accrual method.

2.2.3. Purchased goods the cost of which decreases proceeds from sales thereof are valued by FIFO method. Materials are written off by FIFO method.

2.2.4. Useful life of the fixed assets is determined based on the Classification of Fixed Assets by Depreciation Groups approved by Resolution No. 1 of the Russian Federation Government dated January 1, 2002. The period of use of the acquired used fixed assets is defined taking into account the period of actual use by previous owners.

2.2.5. Depreciable assets are depreciated by the straight-line method.

2.2.6. Depreciable assets include the assets having the historical cost of more than 40,000 rubles and the useful life of more than 12 months. The assets that cost less than 40,000 rubles are recognized in material expenses and charged to costs in the manner prescribed for indirect costs (at a time). Written-off low-value assets are recognized on off-balance account prior to the actual retirement.

2.2.7. The Company creates a provision for vacation payment and a provision for premiums to employees and provisions for doubtful debts for tax purposes.

2.2.8. The Company makes tax accounting registers with the use of specialized accounting software 1C "Manufacturing Enterprise Management".

3. Financial and Operational Activities of the Company.

3.1. Description of the Company's Activities for the Reporting Year.

3.1.1. In 2014, revenues from sales of the goods within operating activities amounted to 2 950 622 thousand rubles (exclusive of VAT), which makes up 99,97 percent of the total sales amount; other revenues from sales of the fixed assets amounted to 1 112 thousand rubles (exclusive of VAT), which makes up 0,03 percent of the total sales amount. Gross operating profit made up 938 191 thousand rubles.

In 2013, revenues from sales of the goods within operating activities made up 2 819 262 thousand rubles (exclusive of VAT), gross operating profit amounting to 635 360 thousand rubles.

The Company does not carry out other types of activities.

3.1.2. In 2014, the Company earned sales profit in the amount of 290 552 thousand rubles; in 2013, the Company earned profit in the amount of 173 809 thousand rubles (67% gain).

Profit growth was influenced by the following factors:

- revenues increased by 131 360 thousand rubles (4,66%)

- the share of production cost decreased in relation to revenues by 9,26% (in 2014 the share made up 68,20% and in 2013 - 77,46%). Production cost reduced mainly due to reduction of the customs duty rates in relation to medicinal products from September 01, 2014.

3.1.3. The structure of business expenses:

The Structure of Business Expenses			
	2014	2013	Change
Labor remuneration and reserves	321 407	211 390	110 017
Allocations to funds	57 765	37 459	20 306

Advertising	74 628	74 337	291
Marketing	15 691	16 000	(309)
Goods processing	35 785	29 552	6 233
Certification	9 879	10 439	(560)
Maintenance and repair of motor vehicles	20 038	10 518	9 520
Car lease	15 790	2 038	13 752
Insurance	19 643	15 376	4 267
Lease	14 063	16 786	(2 723)
Depreciation	13 884	8 181	5 703
Travel expenses	13 311	7 137	6 174
Representation expenses	791	978	(187)
Audit	4 674	4 093	581
Software products	3 716	3 191	525
Other material expense	8 185	3 280	4 905
Other expenses	18 389	10 796	7 593
Total	647 639	461 551	186 088

The major share in the Company's business expenses accounts for the labor remuneration expenses and reserves 49,63% and advertising expenses 11,52 that increased inconsiderably as compared to the previous year. Advertising was performed on TV and radio as well as means of transport.

In 2014, the Company increased the number of employees, the average number of employees amounting to 289 persons as compared to 220 persons in 2013. The growth in average number made up 31% (69 persons).

3.1.4. As of December 31, 2014, the Company's accounts receivable from buyers and customers made up 1 302 004 thousand rubles.

Provision for doubtful debts, accounts receivable from buyers and customers, thousand rubles

	At the Beginning of the Period	Creation of the Provision	Use of the Provision	Recovery of the Provision	At the End of the Period
For 2014	37 891	51 209	(13 318)	(37 891)	37 891
For 2013	66 597	43 764	(28 706)	(43 764)	37 891

At the end of 2014, the Company created a provision for doubtful debts of the following organizations:

- accounts receivable from buyers:

- CJSC "Genezis", in the amount of 7,764,525.34 rubles (seven million seven hundred sixty four thousand five hundred twenty five rubles 34 kopecks)
- Regional State Unitary Enterprise "Primorsk Regional Pharmacy", in the amount of 191,840.47 rubles (one hundred ninety one thousand eight hundred forty rubles 47 kopecks)
- CJSC "Shreya Corporational", in the amount of 29,934,968.35 rubles (twenty nine million nine hundred thirty four thousand nine hundred sixty eight rubles 35 kopecks).

The Company acted as plaintiff (applicant party):

In 2012 in the Commercial Court of Moscow against the Closed Joint-Stock Company "SHREYA CORPORATIONAL" regarding inclusion into the creditor's register. Claims of ZAO "RANBAXY" are included into the creditor's register, Decision of the Commercial Court of Moscow dated February 13, 2012, case No. A40-57173/1073-296 «B».

In 2012 in the Commercial Court of Saint-Petersburg and Leningrad Region against CJSC “Genezis”. Proceedings completed, settlement agreement approved under which ZAO “RANBAXY” within the period from 2022 till 2026 shall receive from CJSC “Genezis” the funds amounting to 7 764 525,34 rubles (Decision of the Commercial Court of Saint-Petersburg and Leningrad Region dated February 21, 2012, case No. A56-55543/2008). Decision came into legal force.

On October 2, 2013, the Commercial Court of Primorsk Territory made a decision on the case No. A51-9651/2013 regarding inclusion of the claims of ZAO “RANBAXY” into the third queue of creditor’s register of the Regional State Unitary Enterprise “Primorsk Regional Pharmacy”. Bankruptcy management shall last till June 5, 2015.

Provision for doubtful debts, accounts receivable from suppliers (advances paid), thousand rubles

	At the Beginning of the Period	Creation of the Provision	Use of the Provision	Recovery of the Provision	At the End of the Period
For 2014	-	1 048	-	-	1 048
For 2013	-	-	-	-	-

- accounts receivable from suppliers:

- ZAO Novatorrus-Invest TK, in the amount of 1 048 078,94 rubles (one million forty-eight thousand seventy eight rubles 94 kopecks).

On November 28, 2014, the Commercial Court of Moscow made a decision regarding debt collection from ZAO “TK “NOVATORRUS-INVEST” to ZAO “RANBAXY”. At present debt collection is not possible in view of insolvency of ZAO “TK “NOVATORRUS-INVEST” and transfer of control to liquidation commission. However, the Commercial Court of Moscow initiated proceedings under petition of the chairman of liquidation commission of ZAO “TK “NOVATORRUS-INVEST” for insolvency (bankruptcy) of the company, court session in relation to verification of validity of the petition for bankruptcy and appointment of a bankruptcy receiver.

The total amount of provision created at the end of 2014 for accounting and tax purposes makes up 37,891 thousand rubles. Provision created at the end of 2014 only for accounting purposes makes up 1 048 thousand rubles.

As of December 31, 2014, the Company’s accounts payable to suppliers and contractors made up 1 049 596 thousand rubles. Accounts payable to suppliers increased considerably by 69,95% (432 018 thousand rubles) as compared to the previous year. In 2013 they made up 617 578 thousand rubles. Accounts payable increased mainly for the main pharmaceutical suppliers and are related to increase of product purchase at the end of the year. As of December 31, 2014, the stock of products made up 452 446 thousand rubles, as of December 31, 2013, the stock of products made up 357 329 thousand rubles (26,62 % growth).

In 2014, the key suppliers of ZAO “RANBAXY” were: Ranbaxy Laboratories Limited (India) and Terapia Ranbaxy (Romania), accounts payable to Ranbaxy Laboratories Limited amounting to 713 898 thousand rubles (68,02% share in the total amount of accounts payable), to Terapia Ranbaxy – 332 022 thousand rubles (31,63% share in the total amount of accounts payable).

3.1.5. In 2014, the Company partially repaid a long-term loan from Ranbaxy (Netherlands) in the amount of 4 126 826,98 US dollars by offsetting mutual claims (Agreement dated September 30, 2014), see cl. 5. In 2014, the Company partially repaid by funds a short-term loan granted by Ranbaxy (Netherlands) in the amount of 4 000 000 US dollars. In 2014, the Company paid interest in the amount of 15 342 thousand rubles on the short-term loan

granted by Ranbaxy (Netherlands) in 2009, and on the long-term loan granted by Ranbaxy (Netherlands) in 2013. Since, as of December 31, 2014, the long-term loan repayment period made less than one year, namely, June 23, 2015, the Company transferred the long-term loan amounting to 330 415 thousand rubles into a short-term loan.

3.1.6. In 2014, the Company placed money on the short-term bank deposits. The Company's income from depositing made up 14 594 thousand rubles.

The interest accrued on the account balance amounted to 967 thousand rubles.

At the end of 2014, the funds placed on short-term bank deposits with OJSC "Sberbank" amounted to 235,000 thousand rubles with the maturity dates in January 2015.

3.1.7. Other income and expenses of the Company presented in lines 2340 and 2350 of the Profit and Loss Statement for 2014 made up:

Description	Other income (thousand rubles)	Other expenses (thousand rubles)
Exchange differences	36 691	(229 999)
Provision for depreciation of commodities and materials	187 462	(194 286)
Provision for doubtful debts	51 209	(52 258)
Provision for goods return	111	(69)
Destruction of pharmaceuticals		(328)
Awards to suppliers	32 464	
Bonuses to buyers		(165 885)
Insurance indemnity/expenses for insured events	1 552	(462)
Write-off of accounts receivable/payable	429	(1)
Write off, sale of fixed assets	1 112	(419)
Taxes		(483)
Bank services		(1 116)
Others	1 492	(1 694)
Total	312 522	(647 000)

3.1.8. According to the accounting data, at year-end 2014, the Company made loss before taxation in the amount of 41 534 thousand rubles, and according to the tax accounting data the Company earned profit in the amount of 20 761 thousand rubles.

In 2014, permanent differences made up 23 925 thousand rubles, and formed a permanent tax liability in the amount of 4 785 thousand rubles. The major amount is made up by the expenses not accepted for tax purposes: provision for depreciation of commodities, health insurance of the employees' family members.

In 2014, deferred tax assets made up 6 381 thousand rubles, the major amount consisting of the temporary difference in provision for the bonuses to the buyers reflected in the accounting as estimated liabilities. In tax accounting these amounts shall be reflected in the period of executing the initial documents.

In 2014, deferred tax liabilities made up 1 293 thousand rubles. The significant amount of deferred liabilities is the difference related to the fact that in accounting the amounts of customs duties and fees are included in the goods cost, and in tax accounting such amounts are written off at a time.

3.1.9. The Company does not have any guarantees issued to third parties.

4. Social Indicators

Sl. No.	Indicator	2014	2013
1	Average number of employees, persons	277	211
2	The amount of accrued wages, compensatory payments and provisions for vacation and annual bonus payment, thousand rubles	321 407	211 390
3	The amount of accrued contributions, thousand rubles	57 765	37 459

5. Data on Equity of the Company (thousand rubles)

Sl. No.	Indicator	2014	2013
1	Authorized capital	3 000	3 000
2	Surplus	750	750
3	Retained profit	396 031	434 043

Dividends were not paid to shareholders. Shares were not repurchased.

In 2014, the Company made a decision to perform private offering of additional ordinary registered uncertified shares in the amount of 180 000 (one hundred eighty thousand) shares with the par value of 1000 (one thousand) rubles each between Ranbaxy (Netherlands) B.V and Ranbaxy Holdings (UK) Ltd. at the offering price: 1000 (one thousand) rubles for one share. On September 25, 2014, the Company concluded an agreement of purchase and sale of 158 400 shares at the price of 1000 (one thousand) rubles with Ranbaxy (Netherlands) B.V. Under the set-off agreement dated September 30, 2014, concluded with Ranbaxy (Netherlands) B.V. the mutual claims were offset in the amount 158 400 thousand rubles relating to the agreement of purchase and sale of shares and the loan received under the agreement dated April 29, 2013.

As of the date of signing this accounting statement the Company did not register any increase of authorized capital.

6. Reference Data

Calculation of Net Assets of the Company (thousand rubles)

Indicator	Code of the balance sheet line	At the beginning of the reporting year	At the end of the reporting year
I. Assets			
1. Intangible assets	1110	4 225	2 929
2. Fixed assets	1150	29 423	36 503
3. Other non-current assets	1190	-	-
4. Income-yielding investments into tangible assets	1160	-	-
5. Long-term and short-term financial investments	1170+1240	250 010	235 000
6. Other non-current assets	1120+1130+1140+1180	128	6509
7. Stock	1210	362 034	456 391
8. Value added tax on acquired assets	1220	-	3 532
9. Accounts receivable	1230	984 995	1 395 901
10. Funds	1250	65 106	43 782

11.	Other current assets	1260	2 171	1 181
12.	Total calculated assets (sum of clauses 1-11)		1 698 092	2 181 728
II. Liabilities				
13.	Long-term loan and credit liabilities	1410	327 292	0
14.	Other long-term liabilities	1420+1450	5 897	4 604
15.	Short-term loan and credit liabilities	1510	165 600	387 289
16.	Accounts payable	1520	686 268	1 251 473
17.	Estimated liabilities	1540	75 242	138 581
18.	Other short-term liabilities	1550	-	-
19.	Total calculated liabilities (sum of clauses 13-19)		1 260 299	1 781 947
20.	The cost of net assets of the joint-stock company (total calculated assets (line 12), minus total calculated liabilities (line 19))		437 793	399 781

6.2. Data on the Leased Premises.

As of 31.12.2014, ZAO "RANBAXY" does not have its own premises.

In 2014, the Company had valid lease contracts with the following organizations:

- LLC "SP Tekhnopark"** – an office in Moscow.

Unnumbered contract dated 05.04.13 for 261,80 sq. m (monthly payment of 305,603,07 rubles inclusive of VAT). Date of contract termination 31.03.2014. Unnumbered supplementary agreement dated 13.01.2014 to unnumbered contract dated 05.04.13. From 01.03.2014 unnumbered contract dated 14.03.14 for 437,80 sq. m (monthly lease payment for 437,80 sq. m - 511 050,07 rubles inclusive of VAT). From 01.04.2014 for 437,80 sq. m. Date of contract termination - 28.02.2015. Unnumbered contract dated 21.10.14 for 303,90 sq. m (monthly rent for 303,90 sq. m - 354 747,49 rubles inclusive of VAT). Date of contract termination - 30.09.2015.
- LLC "Inzhstroyservis"** for 35,3 sq. m. – an office in Yekaterinburg.

Contract No. 20 dated 01.05.2013 for 35,3 sq. m. – an office in Yekaterinburg. Monthly payment of 28,000.00 rubles exclusive of VAT. Date of contract termination 31.03.2014. Contract No. 05 dated 27.03.2014 for 35,3 sq. m. – an office in Yekaterinburg. Monthly payment of 30 800,00 rubles exclusive of VAT. Date of contract termination 28.02.2015.
- LLC "Inform-Future"** for 80,7 sq. m. – an office in St. Petersburg.

Unnumbered contract dated 10.02.09. Supplementary agreement No. 2 dated 31.01.11 (in 2014, monthly payment of 89 509,75 rubles exclusive of VAT). Contract with automatic renewal and 10% indexation.
- LLC "Inform-Future"** for 3,7 sq. m. – ancillary premises in St. Petersburg.

Unnumbered contract dated 01.04.09 (in 2014, monthly payment of 2 974,21 rubles exclusive of VAT). Contract with automatic renewal and 10% indexation.
- LLC "UK Pyat' morey"** for 32 sq. m. – an office in Rostov-on-Don.

Contract No. 17 dated 14.05.13 (fixed monthly payment of 20,800.00 rubles inclusive of VAT; variable lease payment of 6,000.00 rubles exclusive of VAT from October 15 to April 15; 3,000 rubles from April 16 to October 14). Supplementary agreement No. 2 dated 07.04.2014 to Contract No. 17 dated 14.05.13 (fixed monthly payment of 22 800,00 rubles inclusive of VAT from 14.04.2014; variable lease payment of 6,000.00 rubles exclusive of VAT from October 15 to April 15; 3,000 rubles from April 16 to October 14). Date of contract termination 13.03.2015. Termination agreement dated 31.08.2014 (to Lease Contract No. 17 dated 14.05.13). Contract No.42 dated 01.09.14 (fixed monthly payment of 20 000,00 rubles inclusive

of VAT; variable lease payment of 6,000.00 rubles exclusive of VAT from October 15 to April 15; 3,000 rubles from April 16 to October 14). Contract duration makes 11 months.

- **LLC “Danom”** administrative offices and warehouse rooms.

Contract No. CK-CA-08-04/13 dated 25.04.2013 for 1176,1 sq. m (monthly payment of 1 004 560,51 rubles exclusive of VAT). Supplementary agreement No. 2 dated 31.01.2014 for 1158 sq. m (monthly payment of 1 004 560,51 rubles exclusive of VAT). Date of contract termination 23.04.2014.

- **CJSC “Santens Service”** for 506,50 sq. m – warehouse

Contract No. CA-03-01/14 dated 14.01.2014 (monthly payment of 313 703,00 rubles inclusive of VAT). Contract with automatic renewal.

- **CJSC “SPTB”** for 29,3 sq. m – office in Samara.

Contract No. 21 dated 17.01.14 (monthly payment of 14 650,00 rubles exclusive of VAT). Date of contract termination is not defined.

- **LLC “Business Center”** for 31 sq. m – office in Omsk.

Unnumbered contract dated 01.02.14 (monthly payment of 15 345,00 rubles exclusive of VAT). Date of contract termination 30.11.2014.

- **Individual Entrepreneur Kataeva V.A.** for 40 sq. m – office in Krasnoyarsk.

Unnumbered contract dated 17.02.14 (monthly payment of 35 000,00 rubles exclusive of VAT). Date of contract termination 17.01.2015.

6.3. Additional Data on the Goods Rejection Procedure.

Goods subject to write-off and destruction shall be identified according to the following key criteria:

- expiration of shelf-life
- non-compliance with requirements of the regulatory documents
- loss of marketable state etc.

To destruct the rejected goods, the Company signed contracts with the following companies:

LLC “Tekhnergokhimprom” – Contract for Destruction of Pharmaceuticals No. 0715768 dated 28.06.07 (License No. OT-01-003277 (77) dated 01.09.08). Contract with automatic renewal.

LLC “National ecological company” – Contract for the Services of Pharmaceutical Waste Collection and Disposal No. H77-140/13 dated 06.06.2013 (License 076/00115 dated 22.03.2013). Contract with automatic renewal.

6.4. Data on the Company’s Expenses on Wages, Vacations and Bonuses Payable to Employees.

The structure of amounts accrued in favor of the Company’s employees in 2014:

Subdivisions	2014, thousand rubles	2014, %	2013, thousand rubles	2013, %
Head Office (Moscow)	177 032	59,20%	145 200	72,22%
Standalone subdivision in St. Petersburg for the North-West and Volga Region	31 488	10,53%	28 124	13,98%
Standalone subdivision in Rostov-on-Don	37 620	12,58%	16 343	8,13%
Standalone subdivision in Yekaterinburg	17 685	5,91%	9 162	4,56%
Standalone subdivision in Krasnoyarsk	10 671	3,58%	-	-
Standalone subdivision in Omsk	5 725	1,91%	-	-
Standalone subdivision in Samara	15 944	5,33%	-	-
Standalone subdivision Warehouse for wholesaling medicinal products in Istrinsky District	2 877	0,96%	2 229	1,11%
Total	299 042	100%	201 058	100%

At the end of 2014, the liabilities for payment of wages were discharged for 99,99 per cent.

6.5. Data on the Company's Deferred Expenses on Vacation and Bonus Payment to Employees.

As of 31.12.2014, the employees' accrued and unutilized vacations inclusive of insurance contributions made up 20 169 thousand rubles; annual bonuses at year-end 2014 inclusive of insurance contributions made up 27 675 thousand rubles.

In 2015, the Company plans to accrue and pay the following amounts (short-term remunerations) to the key management personnel (management): labor remuneration in the amount of 22 549 thousand rubles; annual paid vacation in the amount of 1 772 thousand rubles; award (bonus) at year-end 2014 in the amount of 4 466 thousand rubles. No long-term payments to the key management personnel are planned.

6.6. Notes to the Balance Sheet

6.6.1 Accounts receivable reflected in line 1230 of the balance sheet present a short-term indebtedness and amount to 1 395 901 thousand rubles. No long-term accounts receivables. When preparing the balance sheet the Company additionally discloses accounts receivables regarding settlements with accountable persons, settlements with employees under other operations, for comparison purposes the balance sheet provides settlements as of 31.12.2013 and 31.12.2012. In balance sheets of previous periods the indicators were recognized as Settlements with other debtors under line 12307.

6.6.2. Breakdown of accounts receivable (line 1230) Amount (thousand rubles)

Type	2014	2013
Settlement of advance paid out	14 032	11 691
Settlements with buyers and customers	1 302 004	902 077
Budget settlements (PIT)	447	431
Budget settlements (VAT)	-	-
Budget settlements (Profit advances)	41 499	49 197
Other taxes and charges	-	-
Settlements with non-budgetary funds	2 984	1 188
Settlements with accountable persons	3 490	1 831
Settlements with employees on the granted loans	2 549	2 344
Settlements in respect of insurance	-	-
Settlements of claims	154	917
Settlements with other debtors	28 742	15 319
TOTAL	1 395 901	984 995

6.7. Notes to the Profit and Loss Statement

6.7.1. Data on general expenses.

The amount of general expenses (prime cost and business expenses) in the Profit and Loss Statement for 2014 makes up 2 660 070 thousand rubles. The cost of goods sold amounts to 2 012 431 thousand rubles. Business expenses amount to 647 639 thousand rubles.

6.8. Notes to the Cash Flow Statement

6.8.1. Other cash inflow from operating activities (line 4119), thousand rubles

	2014	2013
Valued added tax (balance)	-	37 563
Refund of taxes and charges from the budget	77 805	3 387
Refunds from the customs authorities	1 047	13 442
Insurance indemnity	3 190	6 284
Other refunds	1 426	3 671
TOTAL	83 468	64 347

6.8.2. Other payments within operating activities (line 4129), thousand rubles

	2014	2013
Customs payment	136 354	193 743
Payment of taxes and fees (with the exception of income tax, PIT and VAT)	60 416	40 476
Payment for insurance	20 511	13 297
Advances to employees	22 665	17 231
Interest-free loans to employees	4 340	3 876
Payment of bonuses and return of goods by the buyers	1 008	3 377
Value added tax (balance)	67 585	0
Other payments	7 311	5 875
TOTAL	320 190	277 875

In 2014 the Company applied a new method of customs payment accounting to reflect the cash flow – payment of VAT for the customs is registered in the accounting as a separate cash flow item and reduces VAT balance in the cash flow report, which was reflected in other payments in line 4129. To compare the indicators in the cash flow report for 2013 changes were made to the following lines: Other Receipts (line 4119) was corrected for the amount of customs payments in relation to VAT for 171 376 thousand rubles and consequently the amount of other payments (line 4129) was also corrected.

In 2014 the Company reflects payment of the personal income tax (PIT) as payments related to payment for the employees' labour in the amount of 37 887 thousand rubles under line 4122 in the Cash Flow Report, to compare the indicators changes were made to 2013 under line 4122 and 4129 for the amount of 25 375 thousand rubles.

6.9. Other Data

6.9.1. Tax Inspections and Decisions

- On January 14, 2014, the Company received a Resolution on the Imposition of Tax Liability for the Commission of Tax Violations no. 19-25/3-175 dated 30.12.2013 from the Inspectorate of the Federal Tax Service No. 17 of Moscow. According to the results of a field tax audit for 2010-2012, IFTS No. 17 adopted a resolution on illegal understatement of the tax base by the amount of loss incurred in 2010 in the amount of 55,608,178.00 rubles, and consequently on the additional accrual of income tax for 2011 in the amount of 11,121,636.00 rubles, fine in the amount of 548,597.00 rubles and penalty in the amount of

123,297.66 rubles. The Company disputed this resolution in the Federal Tax Service Directorate and obtained the decision of the Federal Tax Service Directorate of Russia in Moscow No. 21-19/033787 dated April 7, 2014, which revoked the Resolution on the Imposition of Tax Liability.

- Within the period from 21.07.2014 till 21.10.2014 IFTS No. 17 conducted office audit regarding the value added tax for the 2nd quarter of 2014 and on October 30, 2014, IFTS No. 17 made a decision No. 187 on full VAT recovery, requested for recovery in the amount of 586 417 rubles.

6.9.2. Events after the accounting date

Events after the accounting date, which would considerably influence on the accounting, in accordance with PBU 7/98 were not revealed.

The Company plans to register increase of authorized capital in 2015.

6.9.3. Allowances, Contingent Assets and Liabilities

In accordance with the Accounting Regulations PBU 8/2010, as of 31.12.2014, the Company created provisions for future expenses:

- for payment of annual bonuses to the personnel in the amount of 27 675 thousand rubles;
- for payment of quarterly bonuses to the personnel in the amount of 6 580 thousand rubles;
- provision for payment of future vacations in the amount of 20 169 thousand rubles;
- provision for POL use in the amount of 1 546 thousand rubles;
- provision for goods return in the amount of 574 thousand rubles;
- provision for imprest use in the amount of 3 487 thousand rubles;
- for other expenses in the amount of 11 510 thousand rubles;
- for future expenses on bonuses to the buyers for 2013 in the amount of 67 040 thousand rubles. Estimated liability for payment of bonuses to the buyers was created based on the monetary valuation by the Company's management. Estimated liabilities of the Company include provision for bonuses and premiums to the buyers in the amount of 67 040 thousand rubles as of 31.12.2014 and 36 432 thousand rubles as of 31.12.2013. The Company's main activity is wholesaling of pharmaceutical and medical products. The Company concludes agreements providing for bonuses to the buyers for advance payments, achievement of certain indicators, marketing premiums. The Company creates estimated liability regarding payment of bonuses to the buyers for advance payments, achievement of certain indicators, marketing premiums. This liability is created in relation to each buyer depending upon the terms and conditions of the agreement and the sales volume/other indicators. Settlement is effected individually for each buyer for the reporting period. The final amount of bonuses and premiums to the buyers is different from the estimated one in view of the fact that the final amount should be agreed and approved by the Company's representatives and the buyer's representatives which bears some uncertainty when calculating the amount of liability to the buyer (PBU 8/2010, cl. 4). Payments to the buyers are performed only after the final approval of the amount of bonuses and premiums and bilateral signing of the protocol on the approved and agreed bonus or premium. Current expenses for premiums are recognized as part of other expenses and do not reduce the total amount of general revenue.

The Company has no contingent assets or liabilities.

6.9.4. Third Party Transactions

The amount of third party transactions for the reporting period made up:

<i>Related Parties</i>	<i>Types of Transactions</i>	<i>Applied Methods of Pricing for Each Type of Transactions with It</i>	<i>Amount of Transactions 2014</i>	<i>Amount of Transactions 2013</i>
Ranbaxy Laboratories Limited (India)	Purchase of the goods	According to the agreement (market price)	1 334 032 thousand rubles	1 341 878 thousand rubles
Ranbaxy Laboratories Limited (India)	Bonus provision	According to the agreement	248 thousand rubles	229 057 thousand rubles
Ranbaxy Laboratories Limited (India)	Compensation for discount granted to the buyer	According to the agreement	769 thousand rubles	0 rubles
Terapia Ranbaxy	Purchase of the goods	According to the agreement (market price)	635 307 thousand rubles	1 637 thousand euro and 249 353 thousand rubles
Terapia Ranbaxy	Bonus provision	According to the agreement	31 765 thousand rubles	40 740 thousand rubles
Representative Office of Ranbaxy Laboratories Limited	Purchase of fixed assets	According to the agreement (market price)	25 964 thousand rubles	11 623 thousand rubles
Ranbaxy (Netherlands) B.V.	Partial repayment of a long-term loan, loan currency is US dollar, maturity date June 23, 2015	According to Set-off Agreement	4 127 thousand US dollars	10 000 thousand US dollars
Ranbaxy (Netherlands) B.V.	Partial repayment of a short-term loan, loan currency is US dollar, maturity date September 24, 2015	Cash repayment	4 000 thousand US dollars	2 500 thousand US dollars
Ranbaxy (Netherlands) B.V.	Accrual of interest under the short-term loan agreement	3 M Libor + 150 bp p.a.	74 thousand US dollars	155 thousand US dollars
Ranbaxy (Netherlands) B.V.	Accrual of interest under the long-term loan agreement	3 M Libor + 150 bp p.a.	256 thousand US dollars	6 thousand US dollars

As of December 31, 2014, accounts receivable from and payable to the Company's related parties made up:

thousand rubles

Related Party	Amount of accounts receivable (payable), 2014	Amount of accounts receivable (payable), 2013
Ranbaxy Laboratories Limited (India)	(713 898)	(487 183)
Terapia Ranbaxy (Romania)	(332 022)	(124 367)
Ranbaxy (Netherlands) B.V. (regarding received loans and loan interest)	(387 289)	(492 892)
Ranbaxy (Netherlands) B.V. (regarding contributions to authorized capital)	(158 400)	0
Representative Office of Ranbaxy Laboratories Limited	No receivables/payables	No receivables/payables

Cash flows to the related parties made up:

<i>Related Parties</i>	<i>Types of Transactions</i>	<i>Amount 2014</i>	<i>Amount 2013</i>
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Ranbaxy Laboratories Limited (India)	Payment for the goods	1 106 301 thousand rubles	1 993 806 thousand rubles
Terapia Ranbaxy	Payment for the goods	395 886 thousand rubles	6 359 thousand euro and 123 760 thousand rubles
Ranbaxy (Netherlands) B.V.	Partial repayment of a short-term loan	4 000 thousand US dollars	2 500 thousand US dollars
Ranbaxy (Netherlands) B.V.	Procurement of a long-term loan	Not applicable	10 000 thousand US dollars
Representative Office of Ranbaxy Laboratories Limited	Payment for fixed assets	25 964 thousand rubles	11 623 thousand rubles
Ranbaxy (Netherlands) B.V.	Payment of interest under the loan agreement	379 thousand US dollars	150,3 thousand US dollars

In 2014, the following amounts were accrued in favor of the key management personnel (management): labor remuneration in the amount of 20 557 thousand rubles; annual paid vacation in the amount of 1 527 thousand rubles; award (bonus) at year-end 2013 in the amount of 5 212 thousand rubles; other awards in the amount of 334 thousand rubles; compensatory payments in the amount of 296 thousand rubles. In 2014 the Company provided short-term interest-free loans to the management personnel in the amount of 1 033 thousand rubles. No long-term payments were made to the key management personnel in 2014.

6.10. Information about the Business Activity Risks

6.10.1 General Information about the Possible Business Activity Risks.

The Company's activities are subject to various risks that may affect achievement of the stated objectives. In order to manage any possible risks, the Company has implemented and developed a risk-oriented approach to the business activities aimed to ensure adoption of the most efficient managerial decisions by the Company's management under the conditions of uncertainty, and to identify opportunities for achievement of the Company's objectives.

The major risks capable of affecting the Company's activities are divided into the following groups:

- credit risk;
- liquidity risks;
- currency risks.
- legal risks;

6.10.2 Disclosure of the Information about Credit Risks.

The Company's credit risk prevails in the trade and financial activities, other accounts receivable.

The Company's management makes every possible effort to minimize the risk exposure. Particularly, the customers' creditworthiness is assessed based on the contractors' financial statements, after which credit limits are established under the goods supply agreements. The management believes that as of December 31, 2014, there are no substantial losses referring to these or other accounts receivable for which a provision for impairment has not been created.

To reduce the risk of impairment of any commercial organizations' receivables, the Company follows a number of procedures. Credit risk is determined based on the generalization of probability of cases and the possible influence of any events affecting the customer's ability to meet their obligations. Credit rating is assigned to a customer at the beginning of cooperation and then reassessed on the basis of the customer's credit history from time to time. As a part of its credit risk management policy, the Company carries out certain preventive procedures, including but not limited to advance payments, demands for security, bank guarantees, letters of credit and third party guarantees. To collect any overdue accounts receivable, the Company performs a number of actions: from notification, suspension of the goods supply and offsetting to applying to courts.

As of December 31, 2014, account receivable secured by guarantees and surety:

Buyer	Debt amount, rubles	Security amount, rubles	Guarantor/Surety
LLC BSS	19 999 954	20 000 000	OJSC Bank VTB, branch in Saint-Petersburg
LLC Grand Capital FC	26 053 369	45 000 000	OJSC "Promsvyazbank"
JSC Katren NPK	384 384 656	450 000 000	OJSC "Katren" (Russia)
JSC Firma Protek TsV	238 779 905	450 000 000	OJSC "Sberbank of Russia"
LLC Puls FC	149 421 282	150 000 000	OJSC "Sberbank of Russia"
CJSC Rosta	24 714 511	160 000 000	OJSC Gazprombank, branch in Novosibirsk
CJSC SIA International Ltd.	323 923 830	350 000 000	CJSC "UniCredit Bank"
Total	1 167 277 507	1 625 000 000	

6.10.3 Disclosure of the Information about Liquidity Risks.

The Company monitors the risk of liquidity shortage at the stage of cash flow budget development and execution analysis. The Company aims to maintain the balance between the provision with money and flexibility through the use of loans granted by the parent company. The cash flow budget takes into account the terms of cash inflows and outflows from the Company's transactions. Resolutions on the investment of free cash or on the obtaining of external financing are adopted based on the forecasted cash flows. Due to implementation of the liquidity risk management policy, the Company has sufficient money to meet its obligations in time.

6.10.4 Disclosure of the Information about Currency Risks.

In 2014 the Company has indebtedness in the received loan currency and the Company has liabilities in currency regarding interest payment under received loans, due to which the Company is subject to the currency risk. The said transactions are mainly expressed in US dollars. In view of sudden devaluation of ruble in 2014 the Company sustained considerable losses regarding currency exchange differences in the amount of 193 308 thousand rubles.

To reduce any currency risks, the Company switched to agreements with suppliers providing for payments in rubles. With regard to its monetary assets and liabilities expressed in foreign currencies, the Company's policy aims to maintain the net position at risk within reasonable limits by purchasing and selling foreign currency at "spot" rates, when a short-term imbalance must be eliminated.

Existence and movement of the foreign currency liabilities:

	Liabilities expressed in US dollars (thousand US dollars)	Liabilities expressed in euro (thousand euro)
Balance as of 31.12.13	15 060	none
Arose	330	none
Discharged	(8 506)	none
Balance as of 31.12.14	6 884	none

Official foreign currency exchange rates established by the Central Bank of the Russian Federation as of the reporting date:

	Exchange rate as of 31.12.2014	Exchange rate as of 31.12.2013
US dollar (USD)	56,2584	32,7292

After the reporting date the exchange rate of ruble decreased by 11,4 per cent against US dollar and made up 62,6797 rubles for one US dollar as of the date of signing this accounting statement.

6.10.5 Disclosure of the Information about Other Risks.

At present, the Company's major legal risks are related to any changes in the tax legislation, legal regulation and by-laws.

At present, a number of taxes established at the federal, regional and local levels are applicable in Russia, including value added tax, corporate income tax, property tax, insurance contributions (for compulsory pension insurance, for compulsory social insurance, for compulsory health insurance), and other taxes.

The applicable tax legislation is subject to constant changes. In addition to that, judicial authorities may change interpretation of certain tax legislation provisions. This results in numerous disputes between the tax authorities and taxpayers. The said disputes are mainly resolved in courts. Besides, the issues of compliance with tax and other laws (e.g. customs and currency laws) are examined by various government authorities entitled to impose fines and collect penalties.

Pursuant to the applicable law, the tax authorities may audit the company's activities during the three years preceding the year of audit. The fact that the company's activities for a certain period have been audited does not mean that the company's tax liabilities for the said period cannot be audited in the future: the tax authorities may conduct a repeated tax audit based on the resolution of a higher tax authority, or in case if the taxpayer files any revised tax declarations stating a lesser amount of tax than the formerly declared amount.

The tax risks resulting from all such facts considerably exceed the tax risks customary to the organizations operating in any countries having a well-developed taxation system. In opinion of the management, as of December 31, 2014, the corresponding provisions of the tax legislation were interpreted correctly, and it is highly probable that the Company will maintain its position with regard to the tax, currency and customs legislation.

6.11. Final Result.

Based on the results of activities for 2014, the Company's loss made up 38 012 thousand rubles. In the course of 2014, the sales volume grew by 4,7%, the share of sales cost decreasing by 7,85% (in 2014 the share made up 68,20% and in 2013 - 77,46%), the share of business expenses increasing by 40,32% (in 2014 the share made up 21,95%, and in 2013 - 16,37%), mainly due to increase of the number of employees by 31%.

In 2014, other income decreased by 57,42%; at the same time, other expenses reduced inconsiderably by 3,00%. Sudden reduction of the balance of other income and expenses is mainly due to considerable decrease of the ruble

exchange rate and revaluation of loans obtained in US dollars. Loss from changes in the foreign exchange rates made up 193 308 thousand rubles.

Resulting from the Company's investment activities, namely from placement of money on bank deposits, in 2014 the Company earned profit in the amount of 14 594 thousand rubles.

Head

Khanna Aman

March 12, 2015