

Ranbaxy Signature LLC

Your Directors have the pleasure in presenting the unaudited Financial Statements for the period ended December 31, 2010.

WORKING RESULTS

	USD in Thousand	
Ranbaxy Signature LLC	Period ended 12/31/10	Period ended 12/31/09
Net Sales	581	2,146
Profit/(Loss) before Interest, Depreciation, Amortization, and Impairment	(647)	677
Interest	-	-
Exchange Loss/(Gain)- (Net) on Loans	-	-
Depreciation, Amortization and Impairment	-	-
Profit/(Loss) before Tax	(647)	677
Income Tax (benefit)/expense	-	-
Profit/(Loss) after Tax	(647)	677
Balance as per last balance sheet	(11,833)	(12,511)
Transfer from Foreign projects reserve	-	-
Accumulated Losses	(12,479)	(11,833)

WORKING RESULTS

	IN INR in Thousand	
Ranbaxy Signature LLC	Period ended 12/31/10	Period ended 12/31/09
Net Sales	26,590	98,214
Profit/(Loss) before Interest, Depreciation, Amortization, and Impairment	(29,611)	30,984
Interest	-	-
Exchange Loss/(Gain)- (Net) on Loans	-	-
Depreciation, Amortization and Impairment	-	-
Profit/(Loss) before Tax	(29,611)	30,984
Income Tax (benefit)/expense	-	-
Profit/(Loss) after Tax	(29,611)	30,984
Balance as per last balance sheet	(529,053)	(559,367)
Transfer from Foreign projects reserve	-	-
Accumulated Losses	(571,115)	(541,550)

Operations

Ranbaxy Signature LLC is a joint venture between Ranbaxy, Inc, and Signature Pharmaceuticals, Inc. Ranbaxy Inc., has a 67.5% controlling interest in the joint venture. It is operating for the sales and distribution of Metformin Liquid (Riomet).

Dividend

No dividends have been declared for the year.

Changes in Capital Structure

There were no changes to the Company's capital structure in 2010.

Directors

The Board constitutes of: Venkat Krishnan, John P. Reilly from Ranbaxy; and V. Ravi Chandran and V. Ramakrishnan, both are appointees from Signature Pharmaceuticals Inc.

Sd/-

Directors

(Venkat Krishnan)

Dated : April 21, 2011

RANBAXY SIGNATURE LLC

**FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2010 AND 2009
AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS**



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To,

Ranbaxy Laboratories Limited

At your request, we have audited the accompanying financial statements of Ranbaxy Signature LLC ("the Company") which comprises balance sheet as at December 31, 2010 and 2009 the related statement of operations for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As discussed in Note 2(a) to the financial statements, the Company has not presented all of the disclosures including statement of cash flows and statement of stockholders equity and comprehensive income/loss that are required to present fairly the financial statements in conformity with generally accepted accounting principles in the United States.

In our opinion, except for the omission of the information discussed in preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Ranbaxy Signature LLC as at December 31, 2010 and 2009 the results of their operations for the years then ended in conformity with generally accepted accounting principles in the United States.

These financial statements have been prepared for the limited purpose of the information and use of the management of Ranbaxy Laboratories Limited and for the purpose of meeting the regulatory requirements of India.

KPMG

Place: Gurgaon

Date: 21 APR 11 2011

**RANBAXY SIGNATURE LLC
BALANCE SHEET**

(All amount in United States dollars, unless otherwise stated)

	As at December 31, 2010	As at December 31, 2009
ASSETS		
Current assets :		
Cash and cash equivalents	\$53,040	\$53,292
Due from related parties	450	450
Total current assets	\$53,490	\$53,742
Total assets	\$53,490	\$53,742
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Dues to related parties	12,482,540	11,836,239
Total current liabilities	12,482,540	11,836,239
Total liabilities	\$12,482,540	\$11,836,239
Stockholders' equity (deficit)		
Additional paid in capital	50,000	50,000
Accumulated deficit	(12,479,050)	(11,832,497)
Total stockholders' equity (deficit)	(12,429,050)	(11,782,497)
Total liabilities and stockholders' equity (deficit)	\$53,490	\$53,742

	As at December 31, 2010 IN INR	As at December 31, 2009 IN INR
ASSETS		
Current assets :		
Cash and cash equivalents	2,371,418	2,382,685
Due from related parties	20,120	20,120
Total current assets	2,391,538	2,402,805
Total assets	2,391,538	2,402,805
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Dues to related parties	558,094,363	529,198,246
Total current liabilities	558,094,363	529,198,246
Total liabilities	558,094,363	529,198,246
Stockholders' equity (deficit)		
Additional paid in capital	2,235,500	2,235,500
Accumulated deficit	-557,938,326	-529,030,941
Total stockholders' equity (deficit)	-555,702,826	-526,795,441
Total liabilities and stockholders' equity (deficit)	2,391,538	2,402,805

See accompanying notes to the financial statements. RANBAXY SIGNATURE LLC

STATEMENT OF OPERATIONS
(All amount in United States dollars, unless otherwise stated)

	<u>For the Year ended, December 31, 2010</u>	<u>For the Year ended, December 31, 2009</u>
Revenues	\$ 581,286	\$ 2,145,761
Cost of revenues	66,645	433,912
Selling, general and administration expenses	1,161,194	1,034,524
Income from operations	<u>(646,553)</u>	<u>677,325</u>
Net (loss)/income	<u>(646,553)</u>	<u>677,325</u>
		IN INR
	<u>For the Year ended, December 31, 2010</u>	<u>For the Year ended, December 31, 2009</u>
	<u>IN INR</u>	<u>IN INR</u>
Revenues	26,603,193	98,203,113
Cost of revenues	3,050,082	19,858,460
Selling, general and administration expenses	53,143,321	47,346,129
Income from operations	<u>-29,590,209</u>	<u>30,998,524</u>
Net (loss)/income	<u>-29,590,209</u>	<u>30,998,524</u>

See accompanying notes to the financial statements.

RANBAXY SIGNATURE LLC
NOTES TO THE FINANCIAL STATEMENTS
(All amount in United States dollars, unless otherwise stated)

1) ORGANIZATION AND NATURE OF OPERATIONS

Incorporation and history

Ranbaxy Signature LLC is a joint venture for development, manufacture and distribution of a liquid form of a Diabetes drug called Riomet. Ranbaxy Inc. ('Parent Company') has a 67.5% stake in the JV and the balance 32.5% is held by the Minority Stakeholder, Signature Pharmaceuticals, Inc. It was formed in the year 2000 and commenced commercial operations in 2004.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in United States of America and include only the following:

- Balance sheet as at December 31, 2010 and 2009;
- Statements of operations for the years then ended; and
- Significant accounting policies and note on contingencies.

Certain disclosures that are required to present fairly the financial statements in conformity with generally accepted accounting principles in the United States of America, have been omitted as these financial statements have been prepared for the limited purpose of the information and use of the management of Ranbaxy Laboratories Limited and for the purpose of meeting the regulatory requirements of India.

(b) Use of estimates

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. The Company's most significant estimates relate to the determination of sales return and allowances for accounts receivables and accrued liabilities. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management become aware of changes in circumstances surrounding the estimates. Any changes in estimates are recognized prospectively.

(c) Functional currency

Operations of the Company are carried out in United States of America and accordingly, functional currency of the Company is determined as U.S. Dollar ("dollar" or "\$")

RANBAXY SIGNATURE LLC
NOTES TO THE FINANCIAL STATEMENTS
(All amount in United States dollars, unless otherwise stated)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposits placed with banks in the normal course of business operations.

(e) Revenue recognition

Revenue is generally realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred, the seller's price to the buyer is fixed or determinable, and collectability is reasonably assured. The Company records revenue from product sales when title and risk of ownership have been transferred to the customer, which is typically upon delivery to the customer.

(f) Income taxes

The Company is taxed as a partnership for U.S. federal and state purposes; accordingly federal and state income taxes have not been provided as the income or loss will be included in the Parent Company's income tax returns.

3) GOING CONCERN

The Company has accumulated losses in the current year as well as previous year resulting in subsequent erosion of its net worth. The Company has continuing financial and operational support from its parent Company ("Ranbaxy Inc."). Hence, it is considered appropriate to prepare these financial statements on the going concern basis.

4) CONTINGENCIES

The Company is involved in lawsuits, claims and proceedings, which arise in the ordinary course of business. While the amounts claimed may be substantial, the ultimate liability is not currently determinable because of considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse affect on the financial statements.

Note: Conversion Rate against Indian Rupee for the year 2010 and 2009 have been used as under:

- i) Items relating to Profit and Loss account at Average rate : 1USD = 45.7661**
- ii) Items relating to Balance Sheet at Clsoing Rate : 1 USD = 44.71**