

The Board of Directors and the Managing Director of

## Ranbaxy Pharma AB

Org nr 556705-8432

### Administration Report

#### General information on the company and the business

The company trades in pharmaceuticals and allied activities.

The company sells its products in Sweden, Norway, Finland and Denmark. The sales have declined during the year mainly due to increased competition in the market.

Ranbaxy Pharma AB, Ranbaxy Inc and Ranbaxy UK Ltd are party to litigation in Finland where the companies has filed a case against Warner Lambert Company LLC and Pfizer Oy. The launch of Atorvastatin was delayed due to Warner Lambert and Pfizer claiming infringement of patent. If Ranbaxy wins the case, damage claims could be presented. Ranbaxy has won in the lower court but the case has been appealed.

In the beginning of 2011 the operations have been transferred from Ranbaxy Pharma AB to Ranbaxy UK Ltd.

Economic overview	SEK Thousand	SEK Thousand	SEK Thousand	SEK Thousand	Closing rate		Average rate		IN INR IN THOUSAND	IN INR IN THOUSAND	IN INR IN THOUSAND	IN INR IN THOUSAND
					0.1503	0.1561	2010-12-31	2009-12-31				
Net sales	43271	53,441	29,335	20,491	277,201	342,351	187,924	131,268				
Profit/loss after financial items	-558	18,030	(8,081)	(10,235)	(3,575)	115,503	(51,768)	(65,567)				
Total assets	12543	20,007	22,150	22,049	80,352	128,168	141,896	141,249				

#### Proposed appropriation of the Company's profit / dealing with the Company's loss

The Board of Directors proposes that the accumulated profit of SEK 22 121 be distributed as follow:		IN SEK	IN INR
Accumulated profit carried forward		22,121	141,710
Total		22,121	141,710

For further information on the Company's results of operations and financial position, refer to the following income statement, balance sheet and integral notes.



## Audit Report - translation

To the annual meeting of the shareholders of Ranbaxy Pharma AB

Corporate identity number 556705-8432

We have audited the annual accounts, the accounting records and the administration of the board of directors and the managing director of Ranbaxy Pharma AB for the year 2010. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet be adopted, that the profit be dealt with in accordance with the proposal in the administration report and that the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 14 February 2011  
(signature on original document)

KPMG AB

Louise Ronquist  
Approved Public Accountant

**Ranbaxy Pharma AB**

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**Income statement**

	Note	Amounts in SEK		Amount In INR	
		2010-01-01 -2010-12-31	2009-01-01 -2009-12-31	2010-01-01 -2010-12-31	2009-01-01 -2009-12-31
<i>Amounts in SEK</i>					
Net sales	.	43,271,002	53,440,662	277,200,525	342,348,892
Other operating income	1	2,642,054	3,380,992	16,925,394	21,659,142
		45,913,056	56,821,654	294,125,919	364,008,033
<b>Operating expenses</b>					
Goods for resale		(31,928,046)	(20,212,565)	(204,535,849)	(129,484,721)
Other external costs	2	(12,628,225)	(15,388,250)	(80,898,302)	(98,579,436)
Depreciation and amortization of tangible and intangible assets	4	(1,914,931)	(470,369)	(12,267,335)	(3,013,254)
Other operating expenses	5	-	(2,720,130)	-	(17,425,561)
<b>Operating profit/loss</b>		(558,146)	18,030,340	(3,575,567)	115,505,061
<b>Income before tax</b>		(558,146)	18,030,340	(3,575,567)	115,505,061
<b>Net profit (loss) for the year</b>		(558,146)	18,030,340	(3,575,567)	115,505,061

**Ranbaxy Pharma AB**

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**Balance sheet***Amounts in SEK***ASSETS****Fixed assets****Intangible fixed assets**

Licenses

<i>Not</i>	<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amount In INR</i>	<i>Amount In INR</i>
	<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>
6	-	1,724,731	-	11,475,256
	-	1,724,731	-	11,475,256
<b>Tangible fixed assets</b>				
Fixtures and fittings	7	10,338	-	68,782
	-	10,338	-	68,782
<b>Total fixed assets</b>		1,735,069	-	11,544,039
<b>Current assets</b>				
<b>Inventories</b>				
Finished products and goods for resale		4,952,109	32,948,164	29,315,729
		4,952,109	32,948,164	29,315,729
<b>Current receivables</b>				
Trade receivables		5,584,583	37,156,241	74,762,927
Due from group companies		13,280	88,357	-
Other receivables		60,876	405,030	13,238,689
Prepaid expenses and accrued income		33,504	222,914	867,804
		5,692,243	37,872,542	88,869,421
<b>Cash and bank balances</b>		1,898,292	12,630,020	3,383,659
<b>Total current assets</b>		12,542,644	83,450,725	121,568,809
<b>TOTAL ASSETS</b>		12,542,644	83,450,725	133,112,848

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**Balance sheet***Amounts in SEK**Note**Amounts in SEK**Amounts in SEK**Amount In INR**Amount In INR**2010-12-31**2009-12-31**2010-12-31**2009-12-31***EQUITY AND LIABILITIES****Equity**

8

*Restricted equity*

Share capital (1 000 shares)

100,000

100,000

665,336

665,336

100,000

100,000

665,336

665,336

*Unrestricted equity*

Profit (Loss) brought forward

580,267

(17,450,073)

3,860,725

(116,101,617)

Net profit (loss) for the year

(558,146)

18,030,340

(3,713,546)

119,962,342

22,121

580,267

147,179

3,860,725

122,121

680,267

812,515

4,526,061

**Current liabilities**

Accounts payable - trade

8,357,325

605,638

55,604,291

4,029,528

Liabilities to group companies

2,164,601

18,249,857

14,401,870

121,422,868

Other liabilities

752,890

-

5,009,248

-

Accrued expenses and deferred income

1,145,707

471,099

7,622,801

3,134,391

**TOTAL EQUITY AND LIABILITIES**

12,542,644

20,006,861

83,450,725

133,112,848

**Pledged assets and contingent liabilities***Amounts in SEK**Amounts in SEK**Amount In INR**Amount In INR**2010-12-31**2009-12-31**2010-12-31**2009-12-31**Amounts in SEK***Pledged assets**

None

None

None

None

**Contingent liabilities**

None

None

None

None

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## Notes to the financial statements

Amounts in SEK unless otherwise stated

The Annual Report has been prepared in accordance with the Annual Accounts Act and the guidelines issued by the Swedish Accounting Standards Board. Accounting principles are unchanged compared to previous years.

### Valuation principles

Assets, provisions and liabilities are stated at historical cost unless otherwise stated.

#### Revenue recognition

The company's revenue consist of sales of goods which is reported as revenue when the significant risks and rewards are transferred to the purchaser. These principles for revenue recognition is in accordance with BFNAR 2003:3 Revenues.

#### Other intangible assets

Intangible assets acquired by the company are recognised at cost less accumulated amortisation and write-downs. Assets are amortized straight-line over their useful life.

#### Fixed assets

Tangible fixed assets are recognised as an asset in the balance sheet when, based on available information, it is probable that future economic benefits associated with the asset will benefit the company and the cost of the asset can be measured reliably.

#### Amortisation of assets

Amortisation is based on historic cost, less an estimated residual value. Assets are amortized straight-line over their useful life.

The following amortisation periods are applied:

#### Intangible assets

Licenses	5 years
Assets	
Fixtures and fittings	5 years

The difference between the above-mentioned depreciation and tax depreciation is reported as accelerated depreciation, which is included in untaxed reserves.

#### Receivables

Receivables are stated at cost less any write-downs.

#### Receivables and liabilities denominated in foreign currency

Receivables and liabilities denominated in foreign currency are translated at the exchange rate at the balance sheet date.

#### Inventories

Inventories, valued in accordance with guideline BFNAR 2000:3 issued by the Swedish Accounting Standards Board, are stated at the lower of cost (measured on the first-in first-out method) or net realizable value, with due consideration for obsolescence.

#### Group information

The company is a fully-owned subsidiary of Ranbaxy Netherlands BV, based in Amsterdam, Netherlands.

Of the subsidiary's total purchases and sales, 100 % of purchases and 0 % of sales refers to other companies within the group to which the company belongs.

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**Note 1**

**Other operating income**

	<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amount In INR</i>	<i>Amount In INR</i>
	<i>2010-01-01-</i>	<i>2009-01-01-</i>	<i>2010-01-01-</i>	<i>2009-01-01-</i>
	<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>
Re-invoicing of costs to group cor	2,121,641	3,380,992	13,591,550	21,659,142
Exchange gain on operating receivabl	520,413	-	3,333,844	-
	2,642,054	3,380,992	16,925,394	21,659,142

**Note 2**

**Audit fees and expenses**

	<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amount In INR</i>	<i>Amount In INR</i>
	<i>2010-01-01-</i>	<i>2009-01-01-</i>	<i>2010-01-01-</i>	<i>2009-01-01-</i>
	<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>

*KPMG AB*

Audit services	63,000	63,000	403,587	403,587
Other services	10,000	10,000	64,061	64,061

**Note 3**

**Employees, personnel costs and remunerations to management**

The company has not had any employees during the fiscal year. There has been no compensation to the Board of Directors.

**Note 4**

**Depreciation and amortisation of tangible and intangible fixed assets**

	<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amount In INR</i>	<i>Amount In INR</i>
	<i>2010-01-01-</i>	<i>2009-01-01-</i>	<i>2010-01-01-</i>	<i>2009-01-01-</i>
	<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>
Intangible assets	535,291	464,936	3,561,484	3,093,387
Fixtures and fittings	10,338	5,433	68,782	36,148
	545,629	470,369	3,630,266	3,129,534

**Note 5**

**Other operating expenses**

	<i>2010-01-01</i>	<i>2009-01-01</i>	<i>2010-01-01</i>	<i>2009-01-01</i>
	<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>
Exchange loss on operating receivables /liabilities	-	(2,720,130)	-	(18,098,004)
	-	(2,720,130)	-	(18,098,004)

**Note 6**

**Licenses**

	<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>
<i>Accumulated cost</i>				
At beginning of year	2,496,590	1,788,893	16,610,712	11,902,149
Acquisitions	179,863	707,697	1,196,693	4,708,563
	2,676,453	2,496,590	17,807,405	16,610,712
<i>Accumulated depreciation</i>				
At beginning of year	(771,860)	(306,923)	(5,135,462)	(2,042,069)
Depreciation for the year	(535,291)	(464,936)	(3,561,484)	(3,093,387)
	(1,307,151)	(771,859)	(8,696,946)	(5,135,456)
<i>Accumulated write-downs</i>				
At beginning of year	-	-	-	-
Write-downs during the year	(1,369,302)	-	(9,110,459)	-
	(1,369,302)	-	(9,110,459)	-
<b>Net book value at end of year</b>	-	1,724,731	-	11,475,256

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<b>Note 7</b>	<b>Fixtures and fittings</b>	<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amount In INR</i>	<i>Amount In INR</i>
		<i>2010-12-31</i>	<i>2009-12-31</i>	<i>2010-12-31</i>	<i>2009-12-31</i>
<i>Accumulated cost</i>					
At beginning of year		27,164	27,164	180,732	180,732
		27,164	27,164	180,732	180,732
<i>Accumulated depreciation</i>					
At beginning of year		(16,826)	(11,393)	(111,949)	(75,802)
Depreciation for the year		(10,338)	(5,433)	(68,782)	(36,148)
		(27,164)	(16,826)	(180,732)	(111,949)
	<b>Net book value at end of year</b>	-	10,338	-	68,782

<b>Note 8</b>	<b>Equity</b>	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Non-restricted equity</i>			
		<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amounts in SEK</i>	<i>Amount In INR</i>	<i>Amount In INR</i>	<i>Amount In INR</i>
At beginning of year				580,267	-	-	3,860,725
	Net income [loss] for the year			(558,146)	-	-	(3,713,546)
<b>Balance at end of year</b>		100,000	-	22,121	665,336	-	147,179

**Stockholm**

SD/-  
Dabashis Dasgupta  
Chairman of the Board, EES-member

SD/-  
Björn Augustsson  
External Managing director

SD/-  
Neeraj Sharma  
EES-member

Our audit report has been issued  
KPMG AB  
SD/-  
Louise Ronquist  
Approved Public Accountant  
February 14, 2011