

**Be-Tabs Pharmaceuticals
(Proprietary) Limited**
(Reg. No. 1993/003111/07)

Annual Financial Statements

for the year ended 31 December 2010

Be-Tabs Pharmaceuticals (Proprietary) Limited

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Be-Tabs Pharmaceuticals (Proprietary) Limited, comprising the statements of financial position at 31 December 2010, and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group and company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Be-Tabs Pharmaceuticals (Proprietary) Limited, as identified in the first paragraph, were approved by the board of directors on 21 February 2011 and are signed on their behalf by:

Sd/-
Name: Saxen Van Coller
Director

Sd/-
Name : Ashish Madan
Director

Independent auditor's report

To the member of Be-Tabs Pharmaceuticals (Proprietary) Limited

Report on the financial statements

We have audited the group annual financial statements and the annual financial statements of Be-Tabs Pharmaceuticals (Proprietary) Limited, which comprise the statements of financial position at 31 December 2010, and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 4 to 35.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements 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 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 judgement, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and the company as at 31 December 2010, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per LP Fourie
Chartered Accountant (SA)
Registered Auditor
Director
21 February 2011

Be-'Tabs Pharmaceuticals (Proprietary) Limited

Directors' report

for the year ended 31 December 2010

The directors have pleasure in presenting their report for the year ended 31 December 2010.

Review of business and operations

Main business and operations

The group is engaged in import, manufacturing and trade of pharmaceutical goods and operates principally in South Africa.

The operating results and state of affairs of the group are fully set out in the attached financial statements. These reflect a net loss for the year amounting to R31 748 044 for the group and a net loss for the year amounting to R34 917 036 (2009: loss R16 858 773) for the company.

Events after reporting date

There have been no post balance sheet events between 31 December 2010 and the date of this report, which may materially affect the presentation of the group annual financial statements and the annual financial statements.

Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

Dividends

No dividends were declared or paid to the shareholders during the year.

Holding company

The immediate holding company is Ranbaxy Netherlands BV incorporated in the Netherlands. The ultimate holding company is Daiichi Sankyo Limited incorporated in Japan.

Interest in subsidiary

During the year Be-Tabs Pharmaceuticals (Proprietary) Limited purchased 100% of the shares in Be-Tabs Investments (Proprietary) Limited from Ranbaxy Netherlands BV for RI 3 000 000. The effective date of this transaction was on 3 August 2010 and group financial statements have been prepared from that date.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Directors' report

for the year ended 31 December 2010 (continued)

Directors

The directors of the company during the year and to the date of this report are as follows:

Name	
GC Job	*
A Sobti	#
R Chakravarti	#
OK Sethi	#
A Madan	#

* South African

Indian

Auditors

KPMG Inc.

Secretary

The company had no secretary during the year.

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14 Laurre Road
Stormill Ext 1
Roodepoort
1724

Postal address
PO Box 43486
Industria
2042

Registered office
121 Boshoff Street
New Muckleneuk
Pretoria
0181

Be-Tabs Pharmaceuticals (Proprietary) Limited

Statements of financial position

at 31 December 2010

		Group		Company	<u>Rand</u>
	<i>Notes</i>	2010		2010	2009
		R	R	R	
Assets					
Non-current assets		276,338,678	273,298,491	205,804,205	
Property, plant and equipment	2	276,338,678	179,920,845	115,247,781	
Investment in subsidiary	3		13,000,000		
Loan to group company	3		80,377,646	90,556,424	
Current assets		138,625,593	138,445,540	104,459,155	
Inventories	6	87,381,291	87,381,291	52,461,133	
Tax prepaid		4,897,615	4,897,615	6,830,495	
Trade and other receivables	7	41,535,484	41,476,268	41,531,136	
Cash and cash equivalents	8	4,811,203	4,690,366	3,636,391	
Total assets		414,964,271	411,744,031	310,263,360	
Equity and liabilities					
Equity		75,833,116	75,968,691	110,885,727	
Share capital	9	200	200	200	
Common control reserve	10	(3,304,567)			
Retained earnings		79,137,483	75,968,491	110,885,527	
Liabilities					
Non current liabilities		288,888,369	285,729,203		
Loan from group company	11	285,729,203	285,729,203		
Deferred tax liability	4	3,159,166			
Current liabilities		50,242,786	50,046,137	199,377,633	
Trade and other payables	12	50,242,786	50,046,137	33,896,337	
Loan from group company	11			165,481,296	
Total equity and liabilities		414,964,271	411,744,031	310,263,360	

		<u>In Rs.</u>		
		Group	Company	
	<i>Notes</i>	2010	2010	2009
		In Rs.	In Rs.	In Rs.
Assets				
Non-current assets		1,860,866,519	1,840,393,879	1,385,886,902
Property, plant and equipment	2	1,860,866,519	1,211,588,182	776,079,333
Investment in subsidiary	3		87,542,088	
Loan to group company	3		541,263,609	609,807,569
Current assets		933,505,677	932,293,199	703,428,653
Inventories	6	588,426,202	588,426,202	353,273,623
Tax prepaid		32,980,572	32,980,572	45,996,599
Trade and other receivables	7	279,700,229	279,301,468	279,670,949
Cash and cash equivalents	8	32,398,673	31,584,956	24,487,481
Total assets		2,794,372,195	2,772,687,077	2,089,315,556
Equity and liabilities				
Equity		510,660,714	511,573,677	746,705,232
Share capital	9	1,347	1,347	1,347
Common control reserve	10	(22,252,976)		
Retained earnings		532,912,343	511,572,330	746,703,886
Liabilities				
Non current liabilities		1,945,376,222	1,924,102,377	
Loan from group company	11	1,924,102,377	1,924,102,377	
Deferred tax liability	4	21,273,845		
Current liabilities		338,335,259	337,011,024	1,342,610,323
Trade and other payables	12	338,335,259	337,011,024	228,258,162
Loan from group company	11			1,114,352,162
Total equity and liabilities		2,794,372,195	2,772,687,077	2,089,315,556

Be-Tabs Pharmaceuticals (Proprietary) Limited

Statements of comprehensive income for the year ended 31 December 2010

		<u>Rand</u>		
	<i>Notes</i>	Group 2010 R	Company 2010 R	2009 R
Revenue		177,230,423	177,230,423	204,382,585
Cost of sales		(105,693,421)	(105,693,421)	(147,361,162)
Gross profit		71,537,002	71,537,002	57,021,423
Other income		340,497	239,061	161,545
Selling, distribution and administration expenses		<u>(104,887,433)</u>	<u>(110,909,009)</u>	<u>(83,825,658)</u>
Operating loss	<i>13</i>	(33,009,934)	(39,132,946)	(26,642,690)
Finance income	<i>14</i>	4,630,902	7,549,494	7,610,551
Finance expense	<i>15</i>	<u>(3,333,584)</u>	<u>(3,333,584)</u>	<u>(11,840)</u>
Loss before taxation		(31,712,616)	(34,917,036)	(19,043,979)
Taxation	<i>16</i>	(35,428)		2,185,206
Loss for the year and total comprehensive income for the year		(31,748,044)	(34,917,036)	(16,858,773)

In Rs.

	<i>Notes</i>	Group 2010 In Rs.	Company 2010 In Rs.	2009 In Rs.
Revenue		1,118,878,933	1,118,878,933	1,290,294,097
Cost of sales		(667,256,446)	(667,256,446)	(930,310,366)
Gross profit		451,622,487	451,622,487	359,983,731
Other income		2,149,602	1,509,223	1,019,855

Selling, distribution and administration expenses		(662,168,138)	(700,183,138)	(529,202,386)
Operating loss	13	(208,396,048)	(247,051,427)	(168,198,801)
Finance income	14	29,235,492	47,660,947	48,046,408
Finance expense	15	(21,045,354)	(21,045,354)	(74,747)
Loss before taxation		(200,205,909)	(220,435,833)	(120,227,140)
Taxation	16	(223,662)		13,795,492
Loss for the year and total comprehensive income for the year		(200,429,571)	(220,435,833)	(106,431,648)

Be-Tabs Pharmaceuticals (Proprietary) Limited

Statements of changes in equity for the year ended 31 December 2010

Group	Rand			
	Share capital R	Common control reserve R	Retained earnings R	Total R
Balance at 31 December 2009	200	-	110,885,527	110,885,727
Acquisition of subsidiary	-	(3,304,567)	-	(3,304,567)
Total comprehensive loss for the year	-	-	<u>(31,748,044)</u>	<u>(31,748,044)</u>
Balance at 31 December 2010	200	(3,304,567)	79,137,483	75,833,116
Company				
Balance at 31 December 2008	200	-	127,744,300	127,744,500
Total comprehensive loss for the year	-	-	<u>(16,858,773)</u>	<u>(16,858,773)</u>
Balance at 31 December 2009	200	-	110,885,527	110,885,727
Total comprehensive loss for the year	-	-	<u>(34,917,036)</u>	<u>(34,917,036)</u>
Balance at 31 December 2010	200	-	75,968,491	75,968,691

Group	In Rs.			
	Share capital In Rs.	Common control reserve In Rs.	Retained earnings In Rs.	Total In Rs.
Balance at 31 December 2009	1,347	-	746,703,886	746,705,232
Acquisition of subsidiary	-	(22,252,976)	-	(22,252,976)
Total comprehensive loss for the year	-	-	<u>(213,791,542)</u>	<u>(213,791,542)</u>
Balance at 31 December 2010	1,347	(22,252,976)	532,912,343	510,660,714
Company				
Balance at 31 December 2008		-		

	1,347		860,230,976	860,232,323
Total comprehensive loss for the year	<u> -</u>	<u> -</u>	(113,527,091)	(113,527,091)
Balance at 31 December 2009	1,347	-	746,703,886	746,705,232
Total comprehensive loss for the year	<u> -</u>	<u> -</u>	(235,131,556)	(235,131,556)
Balance at 31 December 2010	1,347	-	511,572,330	511,573,677

Be-Tabs Pharmaceuticals (Proprietary) Limited

Cash flow statements

Be-Tabs Pharmaceuticals (Proprietary) Limited

Cash flow statements

		Group		Company		<u>Rand</u>
	<i>Note</i>	2010	2010	2010	2009	
		R	R	R	R	
Cash flows from operating activities						
Cash utilised in operations	17	(46,701,232)	(54,102,912)	(19,615,977)		
Finance income		4,630,902	7,549,494	7,610,551		
Finance expense		(3,333,584)	(3,333,584)	(11,840)		
Taxation received/(paid)	18	<u>1,932,880</u>	<u>1,932,880</u>	<u>(743,067)</u>		
Net cash outflow from operating activities		(43,471,034)	(47,954,122)	(12,760,333)		
Cash flow from investing activities						
Acquisition of property, plant and Equipment	2	(68,418,588)	(68,418,588)	(61,529,291)		
Acquisition of investment in subsidiary	-		(13,000,000)	-		
Loan receivable from/(advanced to) group Company		5,427,370	10,178,778	(34,479,764)		
Acquisition of business combination	19	<u>(12,610,843)</u>	<u>-</u>	<u>-</u>		
Net cash outflow from investing Activities		(75,602,061)	(71,239,810)	(96,009,055)		
Cash flows from financing activities		<u>120,247,907</u>	<u>120,247,907</u>	<u>109,532,311</u>		

Loan received from group company		120,247,907	120,247,907	109,532,311
Net cash inflow from financing Activities				
Increase in cash and cash equivalents		1,174,812	1,053,975	762,923
Cash at the beginning of the year		3,636,391	3,636,391	2,873,468
Cash at end of the year	8	4,811,203	4,690,366	3,636,391

		<u>In Rs.</u>		
	<i>Note</i>	Group 2010 In Rs.	Company 2010 In Rs.	2009 In Rs.
Cash flows from operating activities				
Cash utilised in operations	17	(314,486,411)	(364,329,374)	(132,094,121)
Finance income		31,184,525	50,838,343	51,249,502
Finance expense		(22,448,377)	(22,448,377)	(79,731)
Taxation received/(paid)	18	13,016,027	13,016,027	(5,003,818)
Net cash outflow from operating activities		<u>(292,734,236)</u>	<u>(322,923,380)</u>	<u>(85,928,168)</u>
Cash flow from investing activities				
Acquisition of property, plant and equipment				
Acquisition of property, plant and equipment	2	(460,731,232)	(460,731,232)	(414,338,660)
Acquisition of investment in subsidiary	-		(87,542,088)	-
Loan receivable from/(advanced to) group company		36,547,946	68,543,960	(232,186,963)
Acquisition of business combination	19	(84,921,502)	-	-
Net cash outflow from investing activities		(509,104,788)	(479,729,360)	(646,525,623)
Cash flows from financing activities				
Loan received from group company		809,750,215	809,750,215	737,591,320
Net cash inflow from financing activities		809,750,215	809,750,215	737,591,320
Increase in cash and cash equivalents		7,911,192	7,097,475	5,137,529

Cash at the beginning of the year	Cash at end of the year	24,487,481	24,487,481	19,349,953
Cash at end of the year	8	32,398,673	31,584,956	24,487,481

for the year ended 31 December 2010

Be-Tab's Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010

1. Presentation of financial statements

1.1 Statement of compliance

The consolidated annual financial statements and annual financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board and the requirements of the South African Companies Act.

1.2 Basis of preparation

The consolidated annual financial statement and annual financial statements of the group and the company are presented in Rand, which is the group's functional currency. They are prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below.

The preparation of financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following accounting policies and notes:

- Depreciation on property, plant and equipment
- Impairment of assets
- Deferred tax assets

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Pe-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements

1.3 Basis for consolidation

Subsidiary

A subsidiary is an entity controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains or losses and income or expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Acquisition of entities under common control

A business combination involving entities or businesses under common control is a business combination in which the same parties ultimately control all of the combining entities or businesses before and after the business combination.

In accounting for business combinations under common control, the assets and liabilities of the entities or business involved are transferred at the carrying amounts recognised previously in the group controlling shareholder's consolidated financial statements. Any difference between the consideration paid and the carrying amounts of the assets and liabilities is recognised directly in equity as a common control reserve.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements (continued)

1.4 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and other costs incurred directly in the construction of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives to estimated residual values of each part of an item of property, plant and equipment. Depreciation is not provided on freehold land. The estimated useful lives for the current and comparative periods are as follows:

Buildings	30 years
Plant and machinery	5 -25 years
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years
Computer software	2 years
Leasehold improvements	Period of the lease

Where appropriate, and if significant, expected residual values are taken into account in determining the depreciable values of assets.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Residual values, methods of depreciation and useful lives of assets are reassessed annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date that it is derecognised.

Gains and losses on the disposal of property, plant and equipment determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment are included in profit or loss.

1.5 Impairment of non financial assets

The Group's non-financial assets, other than inventories and deferred taxation assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. An impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives at each reporting date. If an impairment indicator exists, the asset's recoverable amount is estimated.

Pe-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements (continued)

1.5 Impairment of non financial asset (continued)

The recoverable amount of assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which the asset belongs.

The impairment loss recognized in profit or loss is the excess of the carrying amount over the recoverable amount.

Impairment losses recognised in respect of a cash-generating unit is first allocated to reduce the carrying amount of the goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis relative to their carrying amounts.

With the exception of goodwill, a previously recognised impairment loss will be reversed insofar as estimates change as a result of an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

A reversal of an impairment loss is recognised in profit or loss.

1.5 Financial assets

The group classifies its financial assets as loans and receivables:

Financial assets are recognised on transaction date when the group becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights no longer exist.

Financial assets are stated initially on transaction date at fair value including transaction costs and are subsequently stated at amortised cost using the effective interest rate method.

An assessment is performed at each reporting date to determine whether objective evidence exists that a financial asset is impaired.

1.7 Loans to group companies

These include loans to fellow subsidiaries and are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss. Loans to group companies are classified as loans and receivables.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements (continued)

1.8 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently stated at amortised cost. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is charged to profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are stated at carrying value which is deemed to be their fair value.

1.10 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of its estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. The allowance account in respect of trade receivables is used to record impairment losses unless the group is satisfied that no recovery of the amount owing is impossible: at that point the amount is considered irrecoverable and is written off against the financial asset directly.

Reversal of impairment

A previously recognised impairment loss is reversed if there is an indication that the impairment loss no longer exists and the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements (continued)

1.1 Inventories

The cost of inventories is based on the weighted average cost basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories are stated at the lower of cost and net realisable value taking account of market conditions and technology changes.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.12 Foreign currency transactions

Income and expenditure transactions are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date. To the extent that transactions occur regularly throughout the year, they are translated at the average rate of exchange for the year since this is deemed to provide a good approximation of the actual exchange rates at which those transactions occurred. Monetary assets and liabilities are translated into the functional currency of the entity at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the translation and settlement of monetary assets and liabilities are recognised in profit or loss, except when they relate to cash flow hedging activities in which case these gains and losses are recognised as other comprehensive income and are included in the hedging reserve.

1.13 Share capital

Ordinary share capital is stated at the amount of the proceeds received less directly attributable issue cost.

1.14 Debt

Debt, which constitutes a financial liability, includes short-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless an entity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements (continued)

1.15 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost.

1.16 Provisions

A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.17 Taxation

Tax on the profit or loss for the *year* comprises current, deferred tax and secondary tax on companies. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustments of tax payable for previous years.

Deferred tax is provided for using the liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary taxation on companies is recognised as part of the current tax charge in the profit or loss when the related dividend is declared.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

1. Presentation of financial statements (continued)

1.18 Revenue

Goods and services

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, trade discounts, rebates and marketing and logistics fee. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of or continuing management involvement with the goods.

1.19 Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

1.20 Finance expenses

Finance expenses comprise interest expense on borrowings. Finance expenses are capitalised against qualifying assets as part of plant and machinery. Such finance expenses are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. The capitalisation rate is the actual finance expense incurred on the borrowings. Further finance expenses are charged to profit or loss.

1.21 Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are recognised in profit and loss on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessee by way of penalty is recognised as an expense in the period in which the termination takes place.

1.22 Employee benefits

Short-term employee benefits

Short-term employee benefits are those that are due to be settled within twelve months after the end of the period in which the services have been rendered. Remuneration to employees is charged to the profit or loss. An accrual is made for accumulated leave, incentive bonuses and other short-term employee benefits.

Retirement benefits

For defined contribution plans, the group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

	Cost	Accumulated depreciation	<u>Rand</u> Carrying value
2. Property, plant and equipment	R	R	R
Group			
2010			
Land	16,976,500	-	16,976,500
Buildings	80,622,117	(1,180,784)	79,441,333
Plant and machinery	192,086,985	(15,985,262)	176,101,723
Furniture and fixtures	3,328,548	(1,344,204)	1,984,344
Motor vehicles	919,733	(640,454)	279,279
Office equipment	1,174,240	(904,047)	270,193
IT equipment	2,643,844	(2,411,195)	232,649
Computer software	430,288	(395,036)	35,252
Patents	1,582,630	(565,225)	1,017,405
	<u>299,764,885</u>	<u>(23,426,207)</u>	<u>276,338,678</u>
Company			
2010			
Plant and machinery	192,086,985	(15,985,262)	176,101,723
Furniture and fixtures	3,328,548	(1,344,204)	1,984,344
Motor vehicles	919,733	(640,454)	279,279
Office equipment	1,174,240	(904,047)	270,193
IT equipment	2,643,844	(2,411,195)	232,649
Computer software	430,288	(395,036)	35,252
Patents	1,582,630	(565,225)	1,017,405
	<u>202,166,268</u>	<u>(22,245,423)</u>	<u>179,920,845</u>
2009			
Plant and machinery	127,642,101	(13,320,126)	114,321,975
Furniture and fixtures	1,362,805	(1,225,545)	137,260
Motor vehicles	919,733	(569,699)	350,034
Office equipment	904,309	(897,622)	6,687
IT equipment	2,528,689	(2,096,902)	431,787
Computer software	390,043	(390,005)	38
	<u>133,747,680</u>	<u>(18,499,899)</u>	<u>115,247,781</u>

			<u>In Rs.</u>
	Cost	Accumulated	Carrying
2. Property, plant and equipment	In Rs.	depreciation	value
		In Rs.	In Rs.
Group			
2010			
Land	114,319,865	-	114,319,865
Buildings	542,909,879	(7,951,407)	534,958,471
Plant and machinery	1,293,515,051	(107,644,862)	1,185,870,189
Furniture and fixtures	22,414,465	(9,051,879)	13,362,586
Motor vehicles	6,193,488	(4,312,822)	1,880,667
Office equipment	7,907,340	(6,087,859)	1,819,481
IT equipment	17,803,663	(16,237,003)	1,566,660
Computer software	2,897,562	(2,660,175)	237,387
Patents	10,657,441	(3,806,229)	6,851,212
	2,018,618,754	(157,752,236)	1,860,866,519
Company			
2010			
Plant and machinery	1,293,515,051	(107,644,862)	1,185,870,189
Furniture and fixtures	22,414,465	(9,051,879)	13,362,586
Motor vehicles	6,193,488	(4,312,822)	1,880,667
Office equipment	7,907,340	(6,087,859)	1,819,481
IT equipment	17,803,663	(16,237,003)	1,566,660
Computer software	2,897,562	(2,660,175)	237,387
Patents	10,657,441	(3,806,229)	6,851,212
	1,361,389,010	(149,800,828)	1,211,588,182
2009			
Plant and machinery	859,542,768	(89,697,818)	769,844,949
Furniture and fixtures	9,177,138	(8,252,828)	924,310
Motor vehicles	6,193,488	(3,836,357)	2,357,131
Office equipment	6,089,623	(6,044,593)	45,030
IT equipment	17,028,209	(14,120,552)	2,907,657
Computer software	2,626,552	(2,626,296)	256
	900,657,778	(124,578,444)	776,079,333

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

2. Property, plant and equipment

Reconciliation of property, plant and equipment

Group	Opening balance R	Additions R	Acquisition of business R	Depreciation R	Rand Total R
2010					
Land	-	-	16,976,500	-	16,976,500
Buildings	--	-	80,622,117	(1,180,784)	79,441,333
Plant and machinery	114,321,975	64,444,884	-	(2,665,136)	176,101,723
Furniture and fixtures	137,260	1,965,743		(118,659)	1,984,344
Motor vehicles	350,034	-		(70,755)	279,279
Office equipment	6,687	269,931	-	(6,425)	270,193
IT equipment	431,787	115,155	-	(314,293)	232,649
Computer software	38	40,245		(5,031)	35,252
Patents	-	1,582,630		(565,225)	1,017,405
	115,247,781	68,418,588	97,598,617	(4,926,308)	276,338,678

Reconciliation of property, plant and equipment

	Company balance R	Opening Additions R	Depreciation R	Total R
2010				
Plant and machinery	114,321,975	64,444,884	(2,665,136)	176,101,723
Furniture and fixtures	137,260	1,965,743	(118,659)	1,984,344
Motor vehicles	350,034	-	(70,755)	279,279
Office equipment	6,687	269,931	(6,425)	270,193
IT equipment	431,787	115,155	(314,293)	232,649

Computer software	38	40,245	(5,031)	35,252
Patents	-	1,582,630	(565,225)	1,017,405
	115,247,781	68,418,588	(3,745,524)	179,920,845
2009				
Plant and machinery	54,801,124	61,080,098	(1,559,247)	114,321,975
Furniture and fixtures	167,198	20,588	(50,526)	137,260
Motor vehicles	126,371	249,035	(25,372)	350,034
Office equipment	30,051	-	(23,364)	6,687
IT equipment	585,527	179,570	(333,310)	431,787
Computer software	38	-	-	38
	55,710,309	61,529,291	(1,991,819)	115,247,781

	<u>In Rs.</u>				
	Opening balance In Rs.	Additions In Rs.	Acquisition of business In Rs.	Depreciation In Rs.	Total In Rs.
2010					
Land	-	-	114,319,865	-	114,319,865
Buildings	--	-	542,909,879	(7,951,407)	534,958,471
Plant and machinery	769,844,949	433,972,283	-	(17,947,044)	1,185,870,189
Furniture and fixtures	924,310	13,237,327		(799,051)	13,362,586
Motor vehicles	2,357,131	-		(476,465)	1,880,667
Office equipment	45,030	1,817,717	-	(43,266)	1,819,481
IT equipment	2,907,657	775,455	-	(2,116,451)	1,566,660
Computer software	256	271,010		(33,879)	237,387
Patents	-	10,657,441		(3,806,229)	6,851,212
	776,079,333	460,731,232	657,229,744	(33,173,791)	1,860,866,519
Reconciliation of property, plant and equipment					
	Company balance In Rs.	Opening Additions In Rs.	Depreciation In Rs.	Total In Rs.	

2010					
Plant and machinery	769,844,949	433,972,283	(17,947,044)	1,185,870,189	
Furniture and fixtures	924,310	13,237,327	(799,051)	13,362,586	

Motor vehicles	2,357,131	-	(476,465)	1,880,667
Office equipment	45,030	1,817,717	(43,266)	1,819,481
IT equipment	2,907,657	775,455	(2,116,451)	1,566,660
Computer software	256	271,010	(33,879)	237,387
Patents	-	10,657,441	(3,806,229)	6,851,212
	776,079,333	460,731,232	(25,222,384)	1,211,588,182

2009

Plant and machinery	369,031,138	411,313,791	(10,499,980)	769,844,949
Furniture and fixtures	1,125,912	138,640	(340,242)	924,310
Motor vehicles	850,983	1,677,003	(170,855)	2,357,131
Office equipment	202,364	-	(157,333)	45,030
IT equipment	3,942,943	1,209,226	(2,244,512)	2,907,657
Computer software	256	-	-	256
	375,153,596	414,338,660	(13,412,923)	776,079,333

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

Properties consist of:

- Erf 2 Stormill Extension 1, Gauteng, with improvements thereon;
- Erf 15 Stormill Extension 1, Gauteng, with improvements thereon;
- Erf 16 Stormill Extension 1, Gauteng, with improvements thereon;
- Erf 18 Stormill Extension 1, Gauteng, with improvements thereon;
- Erf 19 & 20 Stormill Extension 1, Gauteng, with improvements thereon;
- Erf 9 & 10 Lea Glen Township, Gauteng;
- Erf 75 Robertville, Gauteng;

Property, plant and equipment includes assets under construction as detailed below:

	Group	Company	<u>Rand</u>
	2010	2010	2009
	R	R	R
Plant and machinery	10,843,377	10,843,377	102,188,093

	Group	Company	<u>In Rs.</u>
	2010	2010	2009
	In Rs.	In Rs.	In Rs.
Plant and machinery	73,019,374	73,019,374	688,135,306

Borrowing costs of R14 740 618 (In Rs. 93,059,457) [2009: R14 418 461 (In Rs.91,025638)] were capitalised during the year at an effective rate of 9.1% (2009: 10.6%).

Pe-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

	Group	Company	<u>Rand</u>
	2010	2010	2009
	R	R	R
Investment			
Shares at cost in Be-Tabs Investments (Proprietary) Limited	13,000,000		
Loan	-	80,377,646	90,556,424
Total interest	93,377,646	90,556,424	

The loan is unsecured and bears interest at 10% per annum (2009: 10.6%).

Fair values of loans and receivables

The carrying value of the loan approximates fair value.

Deferred tax liability

Balance at beginning of year -

Acquisition of business 3,123,738

Movements during the year 35,428

Balance at end of year 3,159,166

Comprising:

Capital allowances 31,695,963 28,434,210 2,494,718

Provisions (158,457) (158,457) (130,449)

Calculated tax losses (28,378,340) (28,275,753) 2,364,269

Balance 3,159,166

	Group	Company	<u>In Rs.</u>
	2010	2010	2009
	In Rs.	In Rs.	In Rs.
Investment			
Shares at cost in Be-Tabs Investments (Proprietary) Limited	87,542,088		
Loan	-	541,263,609	609,807,569
Total interest	628,805,697	609,807,569	-

The loan is unsecured and bears interest at 10% per annum (2009: 10.6%).

Fair values of loans and receivables

The carrying value of the loan approximates fair value.

Deferred tax liability

Balance at beginning of year	-		
Acquisition of business	21,035,273		
Movements during the year	238,572		
Balance at end of year	21,273,845		
Comprising:			
Capital allowances	213,440,828	191,476,162	16,799,448
Provisions	(1,067,051)	(1,067,051)	(878,444)
Calculated tax losses	(191,099,933)	(190,409,111)	15,921,003
Balance	21,273,845		

5. Retirement benefits

Defined contribution plan

It is the policy of the group to provide retirement benefits to all its full-time employees. A defined contribution provident fund, which is subject to the Pensions Fund Act exists for this purpose. The fund is funded both by member and by group contributions which are charged as they are incurred. The total group contribution to the fund in the current period was R4 281 193 (In Rs.28,829,583) [(2009: R2 177 608 (In Rs.1,466,027)].

	<u>Rand</u>		
	Group 2010	Company 2010	2009
	R	R	R
6 Inventories			
Raw materials	44,257,995	44,257,995	18,934,507
Work in progress	4,558,099	4,558,099	3,192,335
Finished goods	28,931,744	28,931,744	9,135,224
Packaging materials	9,483,023	9,483,023	12,141,303
Spares	150,430	150,430	135,052
Goods in transit	-	-	8,922,712
	87,381,291	87,381,291	52,461,133

	<u>In Rs.</u>		
	Group 2010	Company 2010	2009
	In Rs.	In Rs.	In Rs.
6 Inventories			
Raw materials	298,033,636	298,033,636	127,505,098
Work in progress	30,694,269	30,694,269	21,497,205
Finished goods	194,826,559	194,826,559	61,516,660
Packaging materials	63,858,741	63,858,741	81,759,616
Spares	1,012,997	1,012,997	909,441
Goods in transit	-	-	60,085,603
	588,426,202	588,426,202	353,273,623

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

	<u>Rand</u>		
	Group		Company
	2010	2010	2009
7 Trade and other receivables	R	R	R
Trade receivables	35,926,057	35,926,057	35,507,131
Employee costs in advance	100,240	100,240	147,919
Advances to suppliers	1,226,599	1,226,599	-
Prepayments	71,848	71,848	1,626,970
Deposits	95,991	36,775	34,397
Value added taxation	4,114,749	4,114,749	4,214,719
	41,535,484	41,476,268	41,531,136

	<u>In Rs.</u>		
	Group		Company
	2010	2010	2009
Trade and other receivables	In Rs.	In Rs.	In Rs.
Trade receivables	241,926,310	241,926,310	239,105,259
Employee costs in advance	675,017	675,017	996,088
Advances to suppliers	8,259,926	8,259,926	-
Prepayments	483,825	483,825	10,956,027
Deposits	646,404	247,643	231,630
Value added taxation	27,708,747	27,708,747	28,381,946
	279,700,229	279,301,468	279,670,949

8 Cash and cash equivalents

Rand*Cash and cash equivalents consist of.*

Cash on hand	4,635	4,635	3,150
Bank balances	4,806,568	4,685,731	3,633,241
	4,811,203	4,690,366	3,636,391

In Rs.*Cash and cash equivalents consist of.*

Cash on hand	31,212	31,212	21,212
Bank balances	32,367,461	31,553,744	24,466,269
	32,398,673	31,584,956	24,487,481

9 Share capital

Rand*Authorised*

1000 Ordinary shares of R I each	1,000	1,000	1,000
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Issued

200 Ordinary shares of RI each	200	200	200
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In Rs.*Authorised*

1000 Ordinary shares of R I each	6,734	6,734	6,734
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Issued

200 Ordinary shares of RI each	1,347	1,347	1,347
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10 Common control reserve

Rand**In Rs.**

Carrying value at 31 December	3,304,567	22,252,976
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Effective 3 August 2010, Be-Tabs Pharmaceuticals (Pty) Ltd purchased the shares in Be-Tabs Investments (Pty) Ltd from Ranbaxy Netherlands By. The business combination arises from a transaction that transfers interest in an entity that is under common control of the shareholder and to the extent that the purchase consideration exceeded the value of the identifiable net assets purchase it was allocated to reserves.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

	Rand		
	Group 2010 R	2010 R	Company 2009 R
11 Loan from group company			
<i>Holding company</i>			
Ranbaxy Netherlands BV	285,729,203	285,729,203	165,481,296
The loans is unsecured and bears interest between JIBAR + 2.5% and prime.			
Non- current liabilities	285,729,203	285,729,203	
Current liabilities	-	-	<u>165,481,296</u>
	285,729,203	285,729,203	165,481,296

	<u>In Rs.</u>		
	Group 2010 In Rs.	2010 In Rs.	Company 2009 In Rs.
Ranbaxy Netherlands BV	1,924,102,377	1,924,102,377	1,114,352,162
The loans is unsecured and bears interest between JIBAR + 2.5% and prime.			
Non- current liabilities	1,924,102,377	1,924,102,377	
Current liabilities	-	-	1,114,352,162
	1,924,102,377	1,924,102,377	1,114,352,162

	<u>Rand</u>		
	Group 2010 R	2010 R	Company 2009 R
12 Trade and other payables			
Trade payables	39,042,493	39,042,493	31,525,549
Provision for bonuses	1,013,082	1,013,082	1,141,535
Accrued leave pay	565,916	565,916	465,889
Accrued expenses	9,493,346	9,424,646	763,364
Value added tax	127,949	-	-
	50,242,786	50,046,137	33,896,337

	<u>In Rs.</u>		
	Group 2010 In Rs.	2010 In Rs.	Company 2009 In Rs.
Trade and other payables			
Trade payables	262,912,411	262,912,411	212,293,259
Provision for bonuses	6,822,101	6,822,101	7,687,104
Accrued leave pay	3,810,882	3,810,882	3,137,300
Accrued expenses	63,928,256	63,465,630	5,140,498
Value added tax	861,609	-	-
	338,335,259	337,011,024	228,258,162

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

	Group	<u>Rand</u>	
	2010	Company	
	R	2010	2009
13	R	R	R
Operating loss			
is arrived at after taking into account:			
Auditors' remuneration			
- audit fee	813,389	784,764	585,043
- other services	-	-	-
Inventory written off	3,094,910	3,094,910	4,609,455
Bad debts written off/(recovered)	229,647	229,647	(1,530,054)
Depreciation of property, plant and equipment:			
- Owned assets (refer to note 2)	4,926,308	3,745,524	1,991,819
Operating lease charges			
- Premises	4,631,959	12,531,959	7,033,088
Directors' emoluments			
- for services as directors of the company:			
- salaries	1,218,638	1,218,638	807,642
Foreign exchange loss:			
- realised loss	1,436,682	1,436,682	4,093,423
- unrealised (gain)/loss	(245,599)	(245,599)	424,336
Management fees paid to related parties	5,015,156	5,015,156	6,614,784
Employee costs	46,458,389	46,458,389	42,687,125
14 Finance income			
Be-Tabs Investments (Proprietary) Limited	4,562,845	7,481,437	7,610,551
Bank	68,057	68,057	-
	4,630,902	7,549,494	7,610,551
15 Finance expense			
Loan -net	3,333,040	3,333,040	-

Bank	544	544	11,840
Capitalised - loan	14,740,618	14,740,618	14,418,461
	18,074,202	18,074,202	14,430,301

	<u>In Rs.</u>		
	Group	Company	
	2010	2010	2009
	Rs.	Rs.	Rs.
13 Operating loss			
is arrived at after taking into account:			
Auditors' remuneration			
- audit fee	5,135,032	4,954,318	3,693,453
- other services	-	-	-
Inventory written off	19,538,573	19,538,573	29,100,095
Bad debts written off/(recovered)	1,449,792	1,449,792	(9,659,432)
Depreciation of property, plant and equipment:			
- Owned assets (refer to note 2)	31,100,429	23,645,985	12,574,615
Operating lease charges			
- Premises	29,242,165	79,115,903	44,400,808
Directors' emoluments			
- for services as directors of the company:			
- salaries	7,693,422	7,693,422	5,098,750
Foreign exchange loss:			
- realised loss	9,069,962	9,069,962	25,842,317
- unrealised (gain)/loss	(1,550,499)	(1,550,499)	2,678,889
Management fees paid to related parties	31,661,338	31,661,338	41,760,000
Employee costs	293,297,910	293,297,910	269,489,426
14 Finance income			
Be-Tabs Investments (Proprietary) Limited	28,805,840	47,231,294	48,046,408
Bank	429,653	429,653	-
	29,235,492	47,660,947	48,046,408
15 Finance expense			
Loan -net	21,041,919	21,041,919	-
Bank	3,434	3,434	74,747
Capitalised - loan	93,059,457	93,059,457	91,025,638
	114,104,811	114,104,811	91,100,385

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

			<u>Rand</u>	
	Group		Company	
	2010	2010	2009	
	R	R	R	
Taxation				
South African normal taxation				
Current taxation				
Deferred taxation	35,428	-	(2,185,206)	
	35,428	-	(2,185,206)	

			<u>In Rs</u>	
	Group		Company	
	2010	2010	2009	
	Rs.	Rs.	Rs.	
Deferred taxation	223,366	-	(13,795,492)	
	223,366	-	(13,795,492)	

Reconciliation of the tax expense

			%
<i>Reconciliation of rate of taxation</i>			
Standard taxation rate	28.00	28.00	28.00
Non-deductable expenditure	(2.29)	-	-
Tax losses not recognised	<u>(25.83)</u>	<u>(28.00)</u>	<u>(16.52)</u>
Effective rate of taxation for the year	(0.12)	-	11.48

The group and company has estimated tax losses of approximately R 147 401 214 (In Rs.930,563,220) [2009:R21 477 059 (In Rs.135,587,494)] available for set-off against future taxable income after set-off of taxable temporary differences of approximately R28 275 753 (In Rs.177,388,664) [2009: R2 364 269 (In Rs.14,925,941)].

			<u>Rand</u>	
	Group		Company	
	2010	2010	2009	
	R	R	R	
17 Cash used in from operations				
Loss before taxation	(31,712,616)	(34,917,036)	(19,043,979)	
<i>Adjustments for:</i>				
Depreciation	4,926,308	3,745,524	1,991,819	
Finance income	(4,630,902)	(7,549,494)	(7,610,551)	
Finance expense	3,333,584	3,333,584	11,840	

<i>Changes in working capital:</i>			
Inventories	(34,920,158)	(34,920,158)	408,824
Trade and other receivables	54,868	54,868	11,368,577
Trade and other payables	16,247,684	16,149,800	(6,742,507)
	<u>(46,701,232)</u>	<u>(54,102,912)</u>	<u>(19,615,977)</u>

			<u>In Rs.</u>
	Group	Company	
	2010	2010	2009
	In Rs	In Rs	In Rs
17 Cash used in from operations			
Loss before taxation	(200,205,909)	(220,435,833)	(120,227,140)
<i>Adjustments for:</i>			
Depreciation	31,100,429	23,645,985	12,574,615
Finance income	(29,235,492)	(47,660,947)	(48,046,408)
Finance expense	21,045,354	21,045,354	74,747
<i>Changes in working capital:</i>			
Inventories	(220,455,543)	(220,455,543)	2,580,960
Trade and other receivables	346,389	346,389	71,771,319
Trade and other payables	102,573,763	101,955,808	(42,566,332)
	<u>(294,831,010)</u>	<u>(341,558,788)</u>	<u>(123,838,239)</u>

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

Rand

	Group 2010 R	Company 2010 R	2009 R
18 Tax(received)/paid			
Balance at beginning of the year	(6,830,495)	(6,830,495)	(6,087,428)
Current tax for the year recognised in income statement	- 4,897,615	- 4,897,615	- 6,830,495
Balance at end of the year	(1,932,880)	(1,932,880)	743,067

In Rs.

	Group 2010 In Rs.	Company 2010 In Rs.	2009 In Rs.
18 Tax(received)/paid			
Balance at beginning of the year	(43,121,812)	(43,121,812)	(38,430,7532)
Current tax for the year recognised in income statement	- 30,919,287	- 30,919,287	- 43,121,812
Balance at end of the year	(12,202,525)	(12,202,525)	4,691,080

19 Net acquisition of business combination	<u>R</u>	<u>In Rs.</u>
Cash acquired on acquisition of - Group	389,157	2,620,586

19.1 Acquisition of business combinations

On 3 August 2010, Be-Tabs
(Proprietary)
Limited acquired Be-Tabs Investments for
R 13 000 000 (In Rs.87,542,088).

Rand

	Recognised value R	Fairvalue adjustment R	Carrying amount R
Property, plant and equipment	97,598,617	-	97,598,617
Trade and other receivables	59,216	-	59,216

Cash and cash equivalents	389,157	-	389,157
Deferred tax liability	(3,123,738)	-	(3,123,738)
Amount owing to group companies	(85,129,054)	-	(85,129,054)
Trade and other payables	<u>(98,765)</u>	<u>-</u>	<u>(98,765)</u>
Net identifiable assets and liabilities	9,695,433		
Common control reserve	<u>3,304,567</u>		
Consideration paid, satisfied in cash	13,000,000		
Cash (acquired)	<u>(389,157)</u>		
Net cash outflow	12,610,843		

	<u>In Rs.</u>		
	Recognised value In Rs.	Fairvalue adjustment In Rs.	Carrying amount In Rs.
Property, plant and equipment	657,229,744	-	657,229,744
Trade and other receivables	398,761	-	398,761
Cash and cash equivalents	2,620,586	-	2,620,586
Deferred tax liability	(21,035,273)	-	(21,035,273)
Amount owing to group companies	<u>(573,259,623)</u>	<u>-</u>	<u>(573,259,623)</u>
Trade and other payables	<u>(665,084)</u>	<u>-</u>	<u>(665,084)</u>
Net identifiable assets and liabilities	65,289,111		
Common control reserve	<u>22,252,976</u>		
Consideration paid, satisfied in cash	87,542,088		
Cash (acquired)	<u>(2,620,586)</u>		
Net cash outflow	<u>84,921,502</u>		

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

Rand

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
20 Commitments				
<i>Authorised capital expenditure</i>				
Already contracted for but not provided for				
• Property, plant and equipment	<u>3,967,798</u>	<u>85,469,504</u>	<u>3,967,798</u>	<u>85,469,504</u>

This authorised capital expenditure relates to plant and equipment and will be financed by internally generated funds and loan facilities

Operating leases --- as lessee (expense)
Minimum lease payments due

- within one year	883,310	-	883,310
- in second to fifth year inclusive	171,020	-	171,020
	1,054,330	--	1,054,330

In Rs.

	Group		Company	
	2010 In Rs.	2009 In Rs.	2010 In Rs.	2009 In Rs.
20 Commitments				
<i>Authorised capital expenditure</i>				
Already contracted for but not provided for				
• Property, plant and equipment	<u>26,719,178</u>	<u>575,552,215</u>	<u>26,719,178</u>	<u>575,552,215</u>

This authorised capital expenditure

relates to plant and equipment and will be financed by internally generated funds and loan facilities

Operating leases --- as lessee (expense)

Minimum lease payments due

- within one year	<u>5,948,215</u>	-	<u>5,948,215</u>
- in second to fifth			
year inclusive	<u>1,151,650</u>	-	<u>1,151,650</u>
	<u>7,099,865</u>	--	<u>7,099,865</u>

Operating lease payments represent rentals payable by the group for certain of its warehouses. No contingent rent is payable.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

21. Contingencies

The bank has issued guarantees in favour of the company amounting to R326 000 (In Rs.2,195,286) [2009:R 1309 070 (In Rs.8,815,286)]

22. Related parties

	Group	Company	<u>Rand</u>
	2010	2010	2009
	R	R	R
<i>Loan accounts - Owing by/(to) related parties</i>			
Be-Tabs Investments (Pty) Ltd		80,377,646	90,556,424
Ranbaxy Netherlands BV	(285,729,203)	(285,729,203)	(165,481,296)
<i>Amounts included in trade and other receivables/(trade and other payables)</i>			
Ranbaxy (SA) (Pty) Ltd	(2,101,950)	(2,101,950)	(14,936,005)
Ranbaxy Laboratories Limited	60,283	60,283	
Ranbaxy Netherlands BV			6,087,755
Sonke Pharmaceuticals (Pty) Ltd			
Be-Tabs Investments (Pty) Ltd			(3,100,000)
Related party transactions			
<i>Rent paid</i>			
Be-Tabs Investments (Pty) Ltd	3,500,000	11,400,000	6,000,000
<i>Interest received/(paid)</i>			
Be-Tabs Investments (Pty) Ltd	4,562,845	7,481,437	7,610,551
Ranbaxy Netherlands BV	(18,073,658)	(18,073,658)	(14,418,461)
<i>Management, fees</i>			
Ranbaxy (SA) (Pty) Ltd	5,015,156	5,015,156	6,614,784
<i>Purchases of investment</i>			
Ranbaxy Netherlands BV		13,000,000	
<i>Purchases of inventory</i>			
Ranbaxy Laboratories Limited	1,067,130	1,067,130	6,087,755

	Group	<u>In Rs.</u>	
	2010	Company	2009
	In Rs.	In Rs.	In Rs.
<i>Related party balances</i>			
<i>Loan accounts - Owing by/(to) related parties</i>			
Be-Tabs Investments (Pty) Ltd		541,263,609	609,807,569
Ranbaxy Netherlands BV	(1,924,102,377)	(1,924,102,377)	(1,114,352,162)
<i>Amounts included in trade and other receivables/(trade and other payables)</i>			
Ranbaxy (SA) (Pty) Ltd	(14,154,545)	(14,154,545)	(100,579,158)
Ranbaxy Laboratories Limited	405,946	405,946	
Ranbaxy Netherlands BV			40,994,983
Sonke Pharmaceuticals (Pty) Ltd			
Be-Tabs Investments (Pty) Ltd			(20,875,421)
<i>Related party transactions</i>			
<i>Rent paid</i>			
Be-Tabs Investments (Pty) Ltd	22,095,960	71,969,697	37,878,788
<i>Interest received/(paid)</i>			
Be-Tabs Investments (Pty) Ltd	28,805,840	47,231,294	48,046,408
Ranbaxy Netherlands BV	(114,101,376)	(114,101,376)	(91,025,638)
<i>Management, fees</i>			
Ranbaxy (SA) (Pty) Ltd	31,661,338	31,661,338	47,760,000
<i>Purchases of investment</i>			
Ranbaxy Netherlands BV		87,542,088	
<i>Purchases of inventory</i>			
Ranbaxy Laboratories Limited	7,186,061	7,186,061	40,994,983

23. Financial instruments

23.1 *Overview*

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The Board of Directors is also responsible for analysing the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, cash deposits and cash equivalents.

Relationships

Ultimate holding company	Daiichi Sankyo Co. Ltd
Holding company	Ranbaxy Netherlands BV
Subsidiary	Be-Tabs Investments (Pty) Ltd
Fellow subsidiaries	Sonke Pharmaceuticals (Pty) Ltd Ranbaxy (SA) (Pty) Ltd
Directors	GC Job A Sobti R Chakravarti OK Sethi A Madan

Group

Company

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

23. Financial instruments (continued)

• Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which customers operate also has an influence on credit risk.

The group has established a credit process under which each new customer is evaluated individually for creditworthiness before the group's standard payment terms and conditions are offered. Exposure limits are established for each customer, in accordance with the approval framework.

The group does not require collateral in respect of trade and other receivables, as it mainly renders services to major companies in the industries in which they operate and the exposure to credit risk is monitored on an ongoing basis.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

• Cash and cash equivalents

The group limits its exposure to credit risk by only investing in liquid investments in financial institutions with a high credit rating. Given these high credit ratings, management does not expect any counter party to fail to meet its obligations. Cash balances are all maintained with reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal conditions.

The group manages its working capital requirements stringently and ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates may cause a decrease in fair values of future cash flows of financial instruments and consequently result in a financial loss for the group.

• Currency risk

The group is exposed to currency risk on certain group creditors that are denominated in a currency other than the functional currency of the group, the South African Rand.

• Interest rate risk

External borrowings are generally at a rate linked to the *prime* bank overdraft rate.

Group company borrowings are linked to the JIBAR rate plus 2.5% and prime.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

23. Financial instruments (continued)

23.1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>Rand</u>		
	Group 2010 R	Company 2010 R	2009 R
Trade and other receivables	37,420,735	37,361,519	37,316,417
Loan to fellow subsidiary	-	80,377,646	90,556,424
Cash and cash equivalents	4,811,203	4,690,366	3,636,391
	42,231,938	122,429,531	131,509,232

	<u>In Rs.</u>		
	Group 2010 In Rs.	Company 2010 In Rs.	2009 In Rs.
Trade and other receivables	251,991,481	251,592,721	251,289,003
Loan to fellow subsidiary	-	541,263,609	609,807,569
Cash and cash equivalents	32,398,673	31,584,956	24,487,481
	284,390,155	824,441,286	885,584,054

The group is not exposed to and significant credit risk exposure to any one single counterparty.

Neither a provision for bad or doubtful debts has been raised in respect to a related party.

Impairment losses

	<u>Rand</u>			
	Group and Company 2010		2009	
	Gross R	Impairment R	Gross R	Impairment R
Not past due	28,296,657	24,481	22,438,790	22,725
Past due 0-30 days	2,718,927	-	9,547,608	7,327
Past due 31-60 days	(116,848)	--	222,048	-
Past due 61-180 days	4,398,244	-	3,433,965	98,204
Past due 181-365 days	661,514	7,956	58,219	65,243
Past due > 365 days	585,106	585,106	310,073	310,073
	36,543,600	617,543	36,010,703	503,572

	Group and Company				<u>In Rs.</u>
	2010		2009		
	Gross In Rs.	Impairment In Rs.	Gross In Rs.	Impairment In Rs.	
Not past due	190,549,879	164,855	151,102,963	153,030	
Past due 0-30 days	18,309,273	-	64,293,657	49,340	
Past due 31-60 days	(786,855)	--	1,495,273	-	
Past due 61-180 days	29,617,805	-	23,124,343	661,306	
Past due 181-365 days	4,454,640	53,576	392,047	439,347	
Past due > 365 days	3,940,108	3,940,108	2,088,034	2,088,034	
	246,084,848	4,158,539	242,496,316	3,391,057	

23.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

Group Amount	Carrying cash flows R	Contractual or less R	<u>Rand</u>	
			1 year to 2 years R	1 year R
2010				
Trade and other payables	50,114,837	50,114,837	50,114,837	-
Loan from group company	<u>285,729,203</u>	<u>321,646,872</u>	-	<u>321,646,872</u>
	335,844,040	371,761,709	50,114,837	321,646,872

Group Amount	Carrying cash flows In Rs.	Contractual or less In Rs.	<u>In Rs.</u>	
			1 year to 2 years In Rs.	1 year In Rs.
2010				
Trade and other payables	337,473,650	337,473,650	337,473,650	-
Loan from group company	1,924,102,377	2,165,972,202	-	2,165,972,202
	2,261,576,027	2,503,445,852	337,473,650	2,165,972,202

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

23. Financial instruments (continued)

23.2 Liquidity risk (continued)

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

Company	Carrying amount R	Contractual cash flows R	1 year or less R	<u>Rand</u>
				1 year to 2 years R
2010				
Trade and otheraables	50,046,137	50,046,137	50,046,137	-
Loan from group company	285,729,203	321,646,872	-	321,646,872
	335,775,340	371,693,009	50,046,137	321,646,872
2009				
Trade and other payables	33,896,337	33,896,337	33,896,337	
Loan from group company	<u>165,481,296</u>	<u>165,481,296</u>	<u>165,481,296</u>	
	<u>199,377,633</u>	<u>199,377,633</u>	<u>199,377,633</u>	

Company	Carrying amount In Rs.	Contractual cash flows In Rs.	1 year or less In Rs.	<u>In Rs.</u>
				1 year to 2 years In Rs.
2010				
Trade and otheraables	337,011,024	337,011,024	337,011,024	-
Loan from group company	1,924,102,377	2,165,972,202	-	2,165,972,202
	2,261,113,401	2,502,983,226	337,011,024	2,165,972,202
2009				
Trade and other payables	228,258,162	228,258,162	228,258,162	
Loan from group company	1,114,352,162	1,114,352,162	1,114,352,162	
	<u>1,342,610,323</u>	<u>1,342,610,323</u>	<u>1,342,610,323</u>	

23.3 Currency risk

The group's exposure to foreign currency risk was as follows based on equivalent Rand amounts:

Group and Company	Rate used	Foreign currency amount	IN INR	R	In Rs.
2010					
<i>Uncovered foreign liabilities</i>					
United States Dollar	6.59	80,975	3,620,395	569,307	3,833,717
				569,307	3,833,717
2009					
<i>Uncovered foreign liabilities</i>					
United States Dollar	7.42	714,442	31,942,701	5,301,159	35,698,040
Euro	10.69	226,270	13,549,102	1,952,188	13,146,047
				7,253,347	48,844,088

Sensitivity analysis

	<u>Rand</u>	
	2010	2009
	R	R
A 10% strengthening of the Rand against the above currencies would have (decreased losses)/increased profits by-	(56,931)	(725,335)

	<u>In Rs.</u>	
	2010	2009
	In Rs.	In Rs.
A 10% strengthening of the Rand against the above currencies would have (decreased losses)/increased profits by-	(383,374)	(4,884,411)

A 10% weakening of the Rand against the above currencies would have increased losses/ (decreased profits) on exchange differences by the equal but opposite effect of the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

23. Financial instruments (continued)

23.4 Interest rate risk

At the reporting date the interest rate profile of the company's interest bearing financial instruments was as follows :

Variable rate instruments

	<u>Rand</u>		
	Group 2010 R	Company 2010 R	Company 2009 R
Loan to group company	-	80,377,646	90,556,424
Cash and cash equivalents	4,811,203	4,690,366	3,636,391
Loan from group company	<u>(285,729,203)</u>	<u>(285,729,203)</u>	<u>(165,481,296)</u>
	(280,918,000)	(200,661,191)	(71,287,941)

	<u>In Rs.</u>		
	Group 2010 R	Company 2010 R	Company 2009 R
Loan to group company	-	541,263,609	609,807,569
Cash and cash equivalents	32,398,673	31,584,956	24,487,481
Loan from group company	<u>(1,924,102,377)</u>	<u>(1,924,102,377)</u>	<u>(1,114,352,162)</u>
	(1,891,703,704)	(1,351,253,811)	(480,053,475)

A change of 100 basis points in interest rates would have the effect as shown below based on balances at year end.

Group	2010		<u>Rand</u>	
	100 by Decrease R	100 by Increase R		
Variable rate				
instruments - net	2,809,180 Reduce losses	(2,809,180) Increase losses		
Company	2010		2009	
	100 bp Decrease R	100 bp Increase R	100 by Decrease R	100 by Increase R
Variable rate				
instruments - net	2,006,612 Reduce losses	(2,006,612) Increase losses	712,879 Reduce losses	(712,879) Increase losses

Group	2010		<u>In Rs.</u>	
	100 by Decrease In Rs.	100 by Increase In Rs.		
Variable rate				
instruments – net	17,734,037 Reduce losses	(17,734,037) Increase losses		
Company	2010		2009	
	100 bp Decrease In Rs.	100 bp Increase In Rs.	100 by Decrease In Rs.	100 by Increase In Rs.
Variable rate				
instruments - net	12,668,005 Reduce losses	(12,668,005) Increase losses	45,00,499 Reduce losses	(45,00,499) Increase losses

23.5 Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	2010		<u>Rand</u>
	Carrying amount R	Fair value R	
Trade and other receivables	37,420,735	37,420,735	
Cash and cash equivalents	4,811,203	4,811,203	
Trade and other payables	(50,114,837)	(50,114,837)	

Loan from group company (285,729,203) (285,729,203)

Group	2010		<u>In Rs.</u>
	Carrying amount In Rs.	Fair value In Rs.	
Trade and other receivables	251,991,481	251,991,481	
Cash and cash equivalents	32,398,673	32,398,673	
Trade and other payables	(337,473,650)	(337,473,650)	
Loan from group company	(1,924,102,377)	(1,924,102,377)	

Pe-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

23. Financial instruments (continued)

23.5 Fair values (continued)

Company	2010		2009		<u>Rand</u>
	Carrying amount R	Fair value R	Carrying amount R	Fair value R	
Trade and other receivables	37,361,519	37,361,519	37,316,417	37,316,417	
Cash and cash equivalents	4,690,366	4,690,366	3,636,391	3,636,391	
Loan to group company	80,377,646	80,377,646	90,556,424	90,556,424	
Trade and other payables	(50,046,137)	(50,046,137)	(33,896,337)	(33,896,337)	
Loan from group company	(285,729,203)	(285,729,203)	(165,481,296)	(165,481,296)	

	2010		2009		<u>In Rs.</u>
	Carrying amount In Rs.	Fair value In Rs.	Carrying amount In Rs.	Fair value In Rs.	
Trade and other receivables	251,592,721	251,592,721	251,289,003	251,289,003	
Cash and cash equivalents	31,584,956	31,584,956	24,487,481	24,487,481	
Loan to group company	541,263,609	541,263,609	609,807,569	609,807,569	
Trade and other payables	(337,011,024)	(337,011,024)	(228,258,162)	(228,258,162)	
Loan from group company	(1,924,102,377)	(1,924,102,377)	(1,114,352,162)	(1,114,352,162)	

23.6 Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments reflected in the table above:

Trade and other receivables

The fair value of trade and other receivables is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

Trade and other payables

The fair value of trade and other payables is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

Cash and cash equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

24. Judgements made by management

In preparing financial statements in conformity with International Financial Reporting Standards, estimates and assumptions that affect the reported amounts and related disclosures are as follows:

Depreciation on property, plant and equipment

The useful lives and residual values of property, plant and equipment are reassessed annually based on current utilisation, prospects and market conditions.

Impairment of assets

Property, plant and equipment is considered for impairment when conditions indicate that impairment may be necessary. These conditions include the economic conditions of the operating unit as well as the viability of the asset itself.

Deferred tax assets

Deferred tax assets attributable to computed tax losses and temporary differences have been limited to liabilities arising from capital allowances.

Be-Tabs Pharmaceuticals (Proprietary) Limited

Notes to the financial statements

for the year ended 31 December 2010 (continued)

25. Standards and interpretations in issue but not yet effective

Standards and interpretations adopted during the year:

During the year, the following accounting standards, interpretations and amendments to published accounting standards were adopted:

- IAS I - Presentation of financial statements
- IAS 7 - Statements at cash flows
- IAS 17 -Leases
- IFRS 2 - Share-based payments
- IFRS 5 - Non-current assets held-for-sale and discontinued operations
- IAS 36 - Impairment of assets
- IAS 39 - Financial instruments hedge accounting

The newly adopted standard did not significantly impact the financial results.

Standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements.

Standards and interpretations	Details of amendment	Effective for annual periods beginning on or after
IFRS 7 amendment	Financial instruments: Disclosure Additional disclosure will be provided regarding transfers of financial assets that are: - not derecognised in their entirety, and - derecognised in their entirety but for which the company returns continuing involvement	1 July 2011
IFRS 9	Financial Instruments Introduces a new standard that forms part of a three-part project to replace IAS 39: <i>Financial instruments: Recognition and Measurement</i> .	1 January 2013
IAS 24	Related Party Disclosures Simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.	1 January 2011
IAS 32	Financial Instruments: Presentation Addresses the accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.	1 February 2010
IFRIC 14 IAS 19	The limit on a Defined Benefit Asset Addresses the amendments relating to the recognition as assets of some voluntary prepayments for minimum funding contributions.	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments The interpretation applies to the accounting by the debtor in a debt for equity swap transaction.	1 July 2010

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 : 1 South Africa ZAR = 0.1584

ii) Items relating to Balance Sheet at Closing Rate : 1 South African Rand = 0.1485