

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2010.

Principal activities

The Company is principally engaged in manufacturing and distributing of pharmaceutical products. There has been no significant change in the nature of these activities during the financial year.

Results

	RM'000
Profit for the year	12,865 =====
	INR'000
Profit for the year	185,375 =====

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividend

Since the end of previous financial year, the Company paid a first and final tax exempt dividend of approximately 20 sen per ordinary share of RM1.00 [INR14.49] each totalling RM1,600,000 [INR23,054,755] in respect of the financial year ended 31 December 2009 on 30 June 2010.

The Directors recommend a first and final tax exempt dividend of 17 sen per ordinary share of RM1.00 [INR14.49] each totalling RM1,360,000 [INR19,596,542] in respect of the financial year ended 31 December 2010.

Directors of the Company

Directors who served since the date of the last report are:

Santha Bhaskara Menon
Dato' Abdullah bin Mohd Yusof
Jeyabalan A/L V. Thangarajah
Sanjeev Mahna
Sanjeev Indravadan Dani
Omesh Kumar Sethi (resigned w.e.f. 25 January 2011)
Ashwani Kumar Malhotra (appointed w.e.f. 4 February 2011)

Directors' interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Interest in the holding company	Number of ordinary shares of RM1[INR 14.49]each			
	At 1.1.2010	Bought	Sold	At 31.12.2010
Santha Bhaskara Menon - own	1,046	-	-	1,046

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up share capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares and debentures

No options were granted to any person to take up unissued shares or debentures of the Company during the financial year.

Other statutory information

Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Company's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Sd/-

.....
Dato' Abdullah bin Mohd Yusof

Sd/-

.....
Jeyabalan A/L V. Thangarajah

Date: 11 February 2011

Independent auditors' report to the members of Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ranbaxy (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 43.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 the Directors, 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.

Company No. 89186-K

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Sd/-
KPMG
Firm Number: AF 0758
Chartered Accountants

Sd/-
Mok Wan Kong
Approval Number: 2877/12/12(J)
Chartered Accountant

Date: 11 February 2011

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2010

	Note	31.12.2010 RM'000	31.12.2009 RM'000 Restated	1.1.2009 RM'000 Restated
Asset				
Property, plant and equipment	3	23,037	23,001	24,219
		-----	-----	-----
Total non-current asset		23,037	23,001	24,219
		-----	-----	-----
Inventories	4	24,062	27,857	20,176
Trade and other receivables	5	46,975	44,528	29,437
Tax recoverable		111	-	1,089
Cash and bank balances		341	1,443	1,342
		-----	-----	-----
Total current assets		71,489	73,828	52,044
		-----	-----	-----
Total assets		94,526	96,829	76,263
		=====	=====	=====
Equity				
Share capital	6	8,000	8,000	8,000
Share premium		300	300	300
Retained earnings	7	61,823	50,558	38,862
		-----	-----	-----
Total equity		70,123	58,858	47,162
		-----	-----	-----
Liability				
Deferred tax liabilities	8	1,342	127	1,650
		-----	-----	-----
Total non-current liability		1,342	127	1,650
		-----	-----	-----
Bank borrowings	9	13,897	2,301	18,678
Provisions	10	693	640	-
Trade and other payables	11	8,471	33,046	8,773
Tax payable		-	1,857	-
		-----	-----	-----
Total current liabilities		23,061	37,844	27,451
		-----	-----	-----
Total liabilities		24,403	37,971	29,101
		-----	-----	-----
Total equity and liabilities		94,526	96,829	76,263
		=====	=====	=====

	Note	31.12.2010 INR '000	31.12.2009 INR '000 Restated	1.1.2009 INR '000 Restated
Asset				
Property, plant and equipment	3	333,870	333,348	351,000
Total non-current asset		333,870	333,348	351,000
Inventories	4	348,725	403,725	292,406
Trade and other receivables	5	680,797	645,333	426,623
Tax recoverable		1,609	-	15,783
Cash and bank balances		4,942	20,913	19,449
Total current assets		1,036,072	1,069,971	754,261
Total assets		1,369,942	1,403,319	1,105,261
Equity				
Share capital	6	115,942	115,942	115,942
Share premium		4,348	4,348	4,348
Retained earnings	7	895,986	732,725	563,217
Total equity		1,016,275	853,014	683,507
Liability				
Deferred tax liabilities	8	19,449	1,841	23,913
Total non-current liability		19,449	1,841	23,913
Bank borrowings	9	201,406	33,348	270,696
Provisions	10	10,043	9,275	-
Trade and other payables	11	122,768	478,928	127,145
Tax payable		-	26,913	-
Total current liabilities		334,217	548,464	397,841
Total liabilities		353,667	550,304	421,754
Total equity and liabilities		1,369,942	1,403,319	1,105,261

The notes on pages 10 to 43 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000
Revenue		92,728	109,056
Cost of sales		(56,765)	(62,689)
		<hr/>	<hr/>
Gross profit		35,963	46,367
Other operating income		1,371	22
Distribution costs		(10,784)	(16,117)
Administrative expenses		(8,821)	(11,429)
Other operating expenses		(7)	(1,239)
		<hr/>	<hr/>
Result from operating activities		17,722	17,604
Finance costs		(635)	(1,290)
		<hr/>	<hr/>
Profit before tax	12	17,087	16,314
Tax expense	14	(4,222)	(3,658)
		<hr/>	<hr/>
Profit for the year/Total comprehensive income for the year		12,865	12,656
		=====	=====
	Note	2010 INR '000	2009 INR '000
Revenue		1,336,138	1,571,412
Cost of sales		(817,939)	(903,300)
		<hr/>	<hr/>
Gross profit		518,199	668,112
Other operating income		19,755	317
Distribution costs		(155,389)	(232,233)
Administrative expenses		(127,104)	(164,683)
Other operating expenses		(101)	(17,853)
		<hr/>	<hr/>
Result from operating activities		255,360	253,660
Finance costs		(9,150)	(18,588)
		<hr/>	<hr/>

Profit before tax	12	246,210	235,072
Tax expense	14	(60,836)	(52,709)
		————	————
Profit for the year/Total comprehensive income for the year		185,375	182,363
		=====	=====

The notes on pages 10 to 43 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

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

		←Non distributable →		Distributable	
	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2009		8,000	300	38,862	47,162
Profit for the year/ Total comprehensive income for the year		-	-	12,656	12,656
Dividends	15	-	-	(960)	(960)
At 31 December 2009/ 1 January 2010		8,000	300	50,558	58,858
Profit for the year/ Total comprehensive income for the year		-	-	12,865	12,865
Dividends	15	-	-	(1,600)	(1,600)
At 31 December 2010		8,000	300	61,823	70,123
		=====	=====	=====	=====
		Note 6		Note 7	

	Note	Share capital INR '000	Share premium INR '000	Retained earnings INR '000	Total INR '000
At 1 January 2009		115,942	4,348	563,217	683,507
Profit for the year/ Total comprehensive income for the year		-	-	183,420	183,420
Dividends	15	-	-	(13,913)	(13,913)
		=====	=====	=====	=====

At 31 December 2009/ 1 January 2010		115,942	4,348	732,725	853,014
Profit for the year/ Total comprehensive income for the year		-	-	186,449	186,449
Dividends	15	-	-	(23,188)	(23,188)
At 31 December 2010		<u>115,942</u>	<u>4,348</u>	<u>895,986</u>	<u>1,016,275</u>
		=====	=====	=====	=====
		Note 6		Note 7	

The notes on pages 10 to 43 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 December 2010

	2010 RM'000	2009 RM'000 Restated
Cash flows from operating activities		
Profit before tax	17,087	16,314
Adjustments for:		
Depreciation of property, plant and equipment	1,767	1,686
(Reversal)/Impairment loss on property, plant and equipment	(29)	315
Interest expense	635	1,290
Loss on disposal of property, plant and equipment	21	7
Property, plant and equipment written off	2	6
Unrealised (gain)/loss on foreign exchange	(927)	76
	<hr/>	<hr/>
Operating profit before working capital changes	18,556	19,694
Changes in working capital:		
Inventories	3,795	(7,681)
Trade and other receivables	(2,571)	(14,568)
Trade and other payables	(23,524)	23,674
Provisions	53	640
	<hr/>	<hr/>
Cash (used in)/generated from operations	(3,691)	21,759
Taxes paid	(4,975)	(2,235)
Interest paid	(635)	(1,290)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(9,301)	18,234
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,812)	(800)
Proceeds from disposal of property, plant and equipment	15	4
	<hr/>	<hr/>
Net cash used in investing activities	(1,797)	(796)
	-----	-----
	2010	2009
	INR '000	INR '000
		Restated
Cash flows from operating activities		
Profit before tax	247,638	236,435
Adjustments for:		
Depreciation of property, plant and equipment	25,609	24,435
(Reversal)/Impairment loss on property, plant and	(420)	4,565

equipment		
Interest expense	9,203	18,696
Loss on disposal of property, plant and equipment	304	101
Property, plant and equipment written off	29	87
Unrealised (gain)/loss on foreign exchange	(13,435)	1,101
	<u> </u>	<u> </u>
Operating profit before working capital changes	268,928	285,420
Changes in working capital:		
Inventories	55,000	(111,319)
Trade and other receivables	(37,261)	(211,130)
Trade and other payables	(340,928)	343,101
Provisions	768	9,275
	<u> </u>	<u> </u>
Cash (used in)/generated from operations	(53,493)	315,348
Taxes paid	(72,101)	(32,391)
Interest paid	(9,203)	(18,696)
	<u> </u>	<u> </u>
Net cash (used in)/generated from operating activities	(134,797)	264,261
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,261)	(11,594)
Proceeds from disposal of property, plant and equipment	217	58
	<u> </u>	<u> </u>
Net cash used in investing activities	(26,043)	(11,536)
	-----	-----

Statement of cash flows for the year ended 31 December 2010

(continued)

	2010 RM'000	2009 RM'000 Restated
Cash flows from financing activities		
Dividends paid	(1,600)	(960)
Drawdown of bank borrowings	11,596	-
Repayment of bank borrowings	-	(16,377)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	9,996	(17,337)
	<hr/>	<hr/>
Net (decrease)/increase in cash and bank balances	(1,102)	101
Cash and bank balances at 1 January	1,443	1,342
	<hr/>	<hr/>
Cash and bank balances at 31 December	341	1,443
	<hr/> <hr/>	<hr/> <hr/>
	2,010	2,009
	INR '000	INR '000 Restated
Cash flows from financing activities		
Dividends paid	(23,188)	(13,913)
Drawdown of bank borrowings	168,058	-
Repayment of bank borrowings	-	(237,348)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	144,870	(251,261)
	<hr/>	<hr/>
Net (decrease)/increase in cash and bank balances	(15,971)	1,464
Cash and bank balances at 1 January	20,913	19,449
	<hr/>	<hr/>
Cash and bank balances at 31 December	4,942	20,913
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 43 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
(Incorporated in Malaysia)

Notes to the financial statements

Ranbaxy (Malaysia) Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Peti #8, Wisma Selangor Dredging
5th Floor, South Block
142-A, Jalan Ampang
50450 Kuala Lumpur

Registered office

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The Company is principally engaged in manufacturing and distributing of pharmaceutical products.

The immediate holding company is Ranbaxy Laboratories Limited, a company incorporated in India and listed in Mumbai Stock Exchange, National Stock Exchange of India and Luxembourg Stock Exchange.

The ultimate holding company is Daiichi Sankyo Company Limited, a corporation incorporated in Japan and listed in Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange.

The financial statements were authorised for issue by the Board of Directors on 11 February 2011.

1. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Company has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Company plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for FRS 3, FRS 127, Amendments to FRS 2, Amendments to FRS 5, Amendments to FRS 138, IC Interpretation 12, IC Interpretation 16, IC Interpretation 17, and IC Interpretation 18 which are not applicable to the Company.
- from the annual period beginning 1 January 2012, for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 19, Amendments to Interpretation 14, and IC Interpretation 15, which are not applicable to the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

(b) Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as disclosed in Note 2.

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 10, Provisions.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company, other than those disclosed in the following notes:

- Note 2(e) - Financial instruments
- Note 2(h) - Receivables
- Note 2(l) - Borrowing costs

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Significant accounting policies (continued)

(b) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other operating income” or “other operating expenses” respectively in profit or loss.

(ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Amortised over the lease term of 60 years
Factory building	Amortised over the lease term of 60 years
Office equipment and renovations	3 – 10 years
Furniture and fittings	10 years
Motor vehicles	6.7 years
Plant and machinery	10 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

(c) Leased assets

(i) Operating lease

Lease, where the Company does not assume substantially, all the risks and rewards of the ownership are classified as operating lease and the leased assets are not recognised in the statement of financial position of the Company.

In the previous year, a leasehold land that normally has an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Company has adopted the amendment to FRS 117, *Leases* in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant accounting policies (continued)

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, 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. The cost of raw materials and indirect materials comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(e) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 22.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loan and receivables are subsequently measured at amortised cost using effective interest method.

Prior to the adoption of FRS 139, receivables are initially recognised at their cost when the contractual right to receive cash or other financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Receivables are not held for the purpose of trading.

The change in accounting policies does not have any material impact on the financial statements.

All financial assets are subject to review for impairment (see note 2(g)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities including trade and other payables and bank borrowings, categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(f) Cash and bank balances

Cash and bank balances consist of cash on hand and bank balances.

(g) Impairment

(i) *Financial assets*

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) *Non-financial assets*

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2. Significant accounting policies (continued)

(g) Impairment (continued)

(ii) *Non-financial assets (continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

(h) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(e).

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (continued)

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to the statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(k) Revenue recognition

Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(l) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of revised FRS 123, *Borrowing Costs*, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (continued)

(l) Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

3. Property, plant and equipment

<i>Cost</i>	Leasehold land RM'000	Factory building RM'000	Office equipment and renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
At 1 January 2009, <i>restated</i>	226	15,153	2,329	285	154	15,417	1,301	34,865
Additions	-	-	-	-	-	-	800	800
Transfer from/(to)	-	499	100	5	-	651	(1,255)	-
Disposals	-	-	(6)	(20)	-	(237)	-	(263)
Written off	-	-	(11)	(2)	-	(8)	-	(21)
At 31 December 2009/1 January 2010, <i>restated</i>	226	15,652	2,412	268	154	15,823	846	35,381
Additions	-	-	160	17	-	975	660	1,812
Transfer from/(to)	-	-	60	40	-	394	(494)	-
Disposals	-	-	(205)	-	(24)	(1,187)	-	(1,416)
Written off	-	-	(4)	(1)	-	-	-	(5)
At 31 December 2010	226	15,652	2,423	324	130	16,005	1,012	35,772

<i>Cost</i>	Leasehold land INR'000	Factory Building INR'000	Office equipment and renovations INR'000	Furniture and fittings INR'000	Motor vehicles INR'000	Plant and machinery INR'000	Capital work-in- progress INR'000	Total INR'000
At 1 January 2009, <i>restated</i>	3,275	219,609	33,754	4,130	2,232	223,435	18,855	505,290
Additions	-	-	-	-	-	-	11,594	11,594
Transfer from/(to)	-	7,232	1,449	72	-	9,435	(18,188)	-
Disposals	-	-	(87)	(290)	-	(3,435)	-	(3,812)
Written off	-	-	(159)	(29)	-	(116)	-	(304)
At 31 December 2009/1 January 2010, <i>restated</i>	3,275	226,841	34,957	3,884	2,232	229,319	12,261	512,768
Additions	-	-	2,319	246	-	14,130	9,565	26,261
Transfer from/(to)	-	-	870	580	-	5,710	(7,159)	-
Disposals	-	-	(2,971)	-	(348)	(17,203)	-	(20,522)
Written off	-	-	(58)	(14)	-	-	-	(72)
At 31 December 2010	3,275	226,841	35,116	4,696	1,884	231,957	14,667	518,435

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Factory building RM'000	Office equipment and renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Accumulated depreciation and impairment loss</i>								
At 1 January 2009, <i>restated</i>	83	1,359	1,897	120	113	7,074	-	10,646
Depreciation for the year	4	317	141	25	19	1,180	-	1,686
Impairment loss	-	-	7	2	-	306	-	315
Disposals	-	-	(4)	(11)	-	(237)	-	(252)
Written off	-	-	(5)	(2)	-	(8)	-	(15)
<hr/>								
<i>At 31 December 2009/1 January 2010, restated</i>								
Accumulated depreciation	87	1,676	2,029	132	132	8,009	-	12,065
Accumulated impairment loss	-	-	7	2	-	306	-	315
	87	1,676	2,036	134	132	8,315	-	12,380
Depreciation for the year	4	321	149	28	10	1,255	-	1,767
Impairment loss	-	-	-	-	-	(29)	-	(29)
Disposals	-	-	(198)	-	(24)	(1,158)	-	(1,380)
Written off	-	-	(2)	(1)	-	-	-	(3)
<hr/>								
<i>At 31 December 2010</i>								
Accumulated depreciation	91	1,997	1,978	159	118	8,106	-	12,449
Accumulated impairment loss	-	-	7	2	-	277	-	286
	91	1,997	1,985	161	118	8,383	-	12,735
<hr/> <hr/>								

	Leasehold land INR'000	Factory building INR'000	Office equipment and renovations INR'000	Furniture and fittings INR'000	Motor vehicles INR'000	Plant and machinery INR'000	Capital work-in- progress INR'000	Total INR'000
<i>Accumulated depreciation and impairment loss</i>								
At 1 January 2009, <i>restated</i>	1,203	19,696	27,493	1,739	1,638	102,522	-	154,290
Depreciation for the year	58	4,594	2,043	362	275	17,101	-	24,435
Impairment loss	-	-	101	29	-	4,435	-	4,565
Disposals	-	-	(58)	(159)	-	(3,435)	-	(3,652)
Written off	-	-	(72)	(29)	-	(116)	(217)	
<hr/>								
At 31 December 2009/1 January 2010, <i>restated</i>								
Accumulated depreciation	1,261	24,290	29,406	1,913	1,913	116,072	-	174,855
Accumulated impairment loss	-	-	101	29	-	4,435	-	4,565
Depreciation for the year	58	4,652	2,159	406	145	18,188	-	25,609
Impairment loss	-	-	-	-	-	(420)	-	(420)
Disposals	-	-	(2,870)	-	(348)	(16,783)	-	(20,000)
Written off	-	-	(29)	(14)	-	-	-	(43)
<hr/>								
At 31 December 2010								
Accumulated depreciation	1,319	28,942	28,667	2,304	1,710	117,478	-	180,420
Accumulated impairment loss	-	-	101	29	-	4,014	-	4,145
	1,319	28,942	28,768	2,333	1,710	121,493	-	184,565

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Factory building RM'000	Office equipment and renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Carrying amounts</i>								
At 1 January 2009, <i>restated</i>	143	13,794	432	165	41	8,343	1,301	24,219
At 31 December 2009/1 January 2010, <i>restated</i>	139	13,976	376	134	22	7,508	846	23,001
At 31 December 2010	135	13,655	438	163	12	7,622	1,012	23,037

	Leasehold land INR'000	Factory building INR'000	Office equipment and renovations INR'000	Furniture and fittings INR'000	Motor vehicles INR'000	Plant and machinery INR'000	Capital work- in- progress INR'000	Total INR'000
<i>Carrying amounts</i>								
At 1 January 2009, <i>restated</i>	2,072	199,913	6,261	2,391	594	120,913	18,855	351,000
At 31 December 2009/1 January 2010, <i>Restated</i>	2,014	202,551	5,449	1,942	319	108,812	12,261	333,348

At 31 December 2010	1,957	197,899	6,348	2,362	174	110,464	14,667	<u>333,870</u>
---------------------	-------	---------	-------	-------	-----	---------	--------	----------------

3.1 Land

Leasehold land comprises land with an unexpired period of more than 50 years.

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, Leases, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

4. Inventories

	2010	2009
	RM'000	RM'000
Raw materials	11,392	11,757
Work-in-progress	2,522	921
Finished goods	5,682	10,933
Packaging materials	2,242	2,185
Spare parts	2,224	2,061
	<u>24,062</u>	<u>27,857</u>
	=====	=====
Recognised in profit or loss:		
	2010	2009
	RM'000	RM'000
Inventories recognised as cost of sales	3,795	(7,681)
Write down to net realisable value	-	1,623
Reversal of write down	(1,207)	-
	<u>=====</u>	<u>=====</u>
	2010	2009
	INR'000	INR'000
Raw materials	165,101	170,391
Work-in-progress	36,551	13,348
Finished goods	82,348	158,449
Packaging materials	32,493	31,667
Spare parts	32,232	29,870
	<u>348,725</u>	<u>403,725</u>
	=====	=====
Recognised in profit or loss:		
	2010	2009
	INR'000	INR'000
Inventories recognised as cost of sales	55,000	(111,319)
Write down to net realisable value	-	23,522
Reversal of write down	(17,493)	-
	<u>=====</u>	<u>=====</u>

The write down and reversal are included in cost of sales.

5. Trade and other receivables

	Note	2010 RM'000	2009 RM'000
Trade			
Trade receivables		41,163	40,421
Less: Allowance for doubtful debts		(56)	(57)
		<u>41,107</u>	<u>40,364</u>
Amount due from immediate holding company	5.1	1,372	601
		<u>42,479</u>	<u>40,965</u>
		-----	-----
Non-trade			
Amount due from immediate holding company	5.2	1,472	1,307
Other receivables, deposits and prepayments		3,024	2,256
		<u>4,496</u>	<u>3,563</u>
		-----	-----
Total trade and other receivables		<u>46,975</u>	<u>44,528</u>
		=====	=====
	Note	2010 INR'000	2009 INR'000
Trade			
Trade receivables		596,565	585,812
Less: Allowance for doubtful debts		(812)	(826)
		<u>595,754</u>	<u>584,986</u>
Amount due from immediate holding company	5.1	19,884	8,710
		<u>615,638</u>	<u>593,696</u>
		-----	-----
Non-trade			
Amount due from immediate holding company	5.2	21,333	18,942
Other receivables, deposits and prepayments		43,826	32,696
		<u>65,159</u>	<u>51,638</u>
		-----	-----
Total trade and other receivables		<u>680,797</u>	<u>645,333</u>
		=====	=====

5. Trade and other receivables (continued)

- 5.1 The trade amount due from immediate holding company is denominated in US Dollars and subject to the normal trade terms.
- 5.2 The non-trade amount due from immediate holding company is denominated in US Dollars, unsecured, interest free and repayable on demand.

6. Share capital

	2010		2009	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Ordinary shares of RM1 each:				
Authorised	12,000	12,000	12,000	12,000
	=====	=====	=====	=====
Issued and fully paid	8,000	8,000	8,000	8,000
	=====	=====	=====	=====
	2010		2009	
	Number of shares '000	Amount INR'000	Number of shares '000	Amount INR'000
Ordinary shares of RM1 each:				
Authorised	12,000	173,913	12,000	173,913
	=====	=====	=====	=====
Issued and fully paid	8,000	115,942	8,000	115,942
	=====	=====	=====	=====

7. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank approximately RM36,548,000 [INR 526,628,242] (2009: RM 37,463,000 [INR 539,812,680]) of its retained profits at 31 December 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

8. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Asset		Liability		Net	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	-	1,887	1,740	1,887	1,740
Provisions	(545)	(1,613)	-	-	(545)	(1,613)
Net tax liabilities	(545)	(1,613)	1,887	1,740	1,342	127

	Asset		Liability		Net	
	2010	2009	2010	2009	2010	2009
	INR'000	INR'000	INR'000	INR'000	INR'000	INR'000
Property, plant and equipment	-	-	27,348	25,217	27,348	25,217
Provisions	(7,899)	(23,377)	-	-	(7,899)	(23,377)
Net tax liabilities	(7,899)	(23,377)	27,348	25,217	19,449	1,841

8. Deferred tax liabilities (continued)

Movement in temporary differences during the year

	At 1.1.2009 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2009 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2010 RM'000
Property, plant and equipment	1,650	90	1,740	147	1,887
Provisions	-	(1,613)	(1,613)	1,068	(545)
	<u>1,650</u>	<u>(1,523)</u>	<u>127</u>	<u>1,215</u>	<u>1,342</u>
	=====	=====	=====	=====	=====

	At 1.1.2009 INR'000	Recognised in profit or loss (Note 14) INR'000	At 31.12.2009 INR'000	Recognised in profit or loss (Note 14) INR'000	At 31.12.2010 INR'000
Property, plant and equipment	23,913	1,304	25,217	2,130	27,348
Provisions	-	(23,377)	(23,377)	15,478	(7,899)
	<u>23,913</u>	<u>(22,072)</u>	<u>1,841</u>	<u>17,609</u>	<u>19,449</u>
	=====	=====	=====	=====	=====

9. Bank borrowings

	Note	2010 RM'000	2009 RM'000
Current			
Bank overdraft	9.1	12,162	-
Bankers' acceptance	9.2	1,735	2,301
		<u>13,897</u>	<u>2,301</u>
		=====	=====
		2010	2009
	Note	INR '000	INR '000
Current			
Bank overdraft	9.1	176,261	-

Bankers' acceptance	9.2	25,145	33,348
		-----	-----
		201,406	33,348
		=====	=====

9.1 Bank overdraft

The bank overdraft is subject to interest rate ranging from 7.30% to 7.80% per annum.

9.2 Bankers' acceptance

The bankers' acceptance are secured by way of a letter of comfort from the immediate holding company and denominated in foreign currencies as follows:

	2010	2009
	RM'000	RM'000
US Dollar	1,735	1,792
	=====	=====
	2010	2009
	INR '000	INR '000
US Dollar	25,145	25,971
	=====	=====

The bankers' acceptance are subject to interest rates ranging from 4.30% to 4.96% (2009: 5.25% to 6.48%) per annum.

10. Provisions

	2010	2009
	RM'000	RM'000
At 1 January	640	-
Provision made during the year	53	640
	<hr/>	<hr/>
At 31 December	693	640
	<hr/> <hr/>	<hr/> <hr/>
	2010	2009
	INR '000	INR '000
At 1 January	9,275	-
Provision made during the year	768	9,275
	<hr/>	<hr/>
At 31 December	10,043	9,275
	<hr/> <hr/>	<hr/> <hr/>

Provisions relate to returnable obsolete inventories held by the customers as at financial year end. The provisions were estimated based on historical data and past trends of obsolete inventories held by the customers. The Company expects to incur majority of the recognised liability over the next twelve months.

11. Trade and other payables

	Note	2010	2009
		RM'000	RM'000
Trade			
Trade payables		3,650	6,063
Amount due to immediate holding company	11.1	1,386	7,792
Amount due to related company	11.1	-	8,993
		<hr/>	<hr/>
		5,036	22,848
		<hr/> <hr/>	<hr/> <hr/>
Non-trade			
Amount due to immediate holding company	11.2	1,097	2,894
Other payables		307	4,775
Accruals		2,031	2,529
		<hr/>	<hr/>
		3,435	10,198
		<hr/> <hr/>	<hr/> <hr/>
Total trade and other payables		8,471	33,046
		<hr/> <hr/>	<hr/> <hr/>

	Note	2010 INR '000	2009 INR '000
Trade			
Trade payables		52,899	87,870
Amount due to immediate holding company	11.1	20,087	112,928
Amount due to related company	11.1	-	130,333
		-----	-----
		72,986	331,130
		-----	-----
Non-trade			
Amount due to immediate holding company	11.2	15,899	41,942
Other payables		4,449	69,203
Accruals		29,435	36,652
		-----	-----
		49,783	147,797
		-----	-----
Total trade and other payables		122,768	478,928
		=====	=====

11.1 The trade amount due to immediate holding and related companies are denominated in US Dollars and subject to the normal trade terms.

11.2 The non-trade amount due to immediate holding company is denominated in US Dollars, unsecured, interest free and repayable on demand.

12. Profit before tax

	2010	Restated
	RM'000	2009
		RM'000
Profit before tax is arrived at after charging:		
Auditors' fee - statutory	109	62
- others	85	26
Allowance for doubtful debts	-	57
Bad debts written off	-	280
Depreciation on property, plant and equipment	1,767	1,686
Impairment loss on property, plant and equipment	-	315
Interest expenses		
- bankers' acceptance	68	126
- revolving credit	-	89
- bank overdraft	567	1,075
Loss on disposal of property, plant and equipment	21	7
Personnel expenses (including key management personnel):		
- contributions to Employees Provident Fund	1,019	785
- wages, salaries and others	12,573	10,983
Property, plant and equipment written off	2	6
Unrealised loss on foreign exchange	-	76
Realised loss on foreign exchange	-	503
Rental of premises	473	399
Write down of inventories	-	1,623
	=====	=====
and crediting:		
Allowance for doubtful debts no longer required	(1)	-
Reversal of write down of inventories	(1,207)	-
Realised gain on foreign exchange	(405)	-
Unrealised gain on foreign exchange	(927)	-
Reversal of impairment loss on property, plant and equipment	(29)	-
	=====	=====
	2010	2009
	INR'000	INR'000
Profit before tax is arrived at after charging:		
Auditors' fee - statutory	1,571	893
- others	1,225	375
Allowance for doubtful debts	-	821
Bad debts written off	-	4,035
Depreciation on property, plant and equipment	25,461	24,294
Impairment loss on property, plant and equipment	-	4,539
Interest expenses		

- bankers' acceptance	980	1,816
- revolving credit	-	1,282
- bank overdraft	8,170	15,490
Loss on disposal of property, plant and equipment	303	101
Personnel expenses (including key management personnel):		
- contributions to Employees Provident Fund	14,683	11,311
- wages, salaries and others	181,167	158,256
Property, plant and equipment written off	29	86
Unrealised loss on foreign exchange	-	1,095
Realised loss on foreign exchange	-	7,248
Rental of premises	6,816	5,749
Write down of inventories	-	23,386
	=====	=====

and crediting:

Allowance for doubtful debts no longer required	(14)	-
Reversal of write down of inventories	(17,392)	-
Realised gain on foreign exchange	(5,836)	-
Unrealised gain on foreign exchange	(13,357)	-
Reversal of impairment loss on property, plant and equipment	(420)	-
	=====	=====

13. Key management personnel compensation

The key management personnel compensations are as follows:

	2010	2009
	RM'000	RM'000
Directors:		
Fees	52	41
Remuneration	616	537
	<hr/>	<hr/>
	668	578
	=====	=====

The key management personnel compensations are as follows:

	2010	2009
	INR'000	INR'000
Directors:		
Fees	749	591
Remuneration	8,876	7,738
	<hr/>	<hr/>
	9,625	8,329
	=====	=====

The estimated monetary value of Directors' benefit-in-kind is RM29,000 [IN INR 417,867(2009: RM59,000 [IN INR 850,144]).

14. Tax expense

	2010	2009
	RM'000	RM'000
Income tax expense		
- Current year	2,918	4,953
- Under provision in prior year	89	228
	<hr/>	<hr/>
	3,007	5,181
	-----	-----
Deferred tax expense		
- Reversal/ (Originating) of temporary differences	1,215	(905)
- Overprovision in prior year	-	(618)
	<hr/>	<hr/>
	1,215	(1,523)
	-----	-----
	4,222	3,658
	=====	=====
<i>Reconciliation of effective tax expense</i>		
Profit before tax	17,087	16,314
	=====	=====
Tax using Malaysian tax rate of 25%	4,272	4,079

Non deductible expenses	66	48
Tax incentives	(205)	(79)
	<hr/>	<hr/>
	4,133	4,048
Under/(over) provision in prior year	89	(390)
	<hr/>	<hr/>
Tax expense	4,222	3,658
	<hr/>	<hr/>
	2010	2009
	INR'000	INR'000
Income tax expense		
- Current year	42,046	71,369
- Under provision in prior year	1,282	3,285
	<hr/>	<hr/>
	43,329	74,654
	<hr/>	<hr/>
Deferred tax expense		
- Reversal/ (Originating) of temporary differences	17,507	(13,040)
- Overprovision in prior year	-	(8,905)
	<hr/>	<hr/>
	17,507	(21,945)
	<hr/>	<hr/>
	60,836	52,709
	<hr/>	<hr/>
	Reconciliation of effective tax expense	
Profit before tax	246,210	235,072
	<hr/>	<hr/>
Tax using Malaysian tax rate of 25%	61,556	58,775
Non deductible expenses	951	692
Tax incentives	(2,954)	(1,138)
	<hr/>	<hr/>
	59,553	58,329
Under/(over) provision in prior year	1,282	(5,620)
	<hr/>	<hr/>
Tax expense	60,836	52,709
	<hr/>	<hr/>

15. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2010			
First and final 2009 ordinary	20	1,600	30 June 2010
		=====	
2009			
First and final 2008 ordinary	12	960	30 May 2009
		=====	
	Sen per Share	Total amount RM'000	Date of payment
2010			
First and final 2009 ordinary	20	23,055	30-Jun-10
		=====	
2009			
First and final 2008 ordinary	12	13,833	30-May-09
		=====	

After the reporting period, Directors proposed a first and final tax exempt dividend of 17 sen per ordinary share of RM1.00 [INR14.49]each totaling RM1,360,000[INR19,596,542] in respect of the financial year ended 31 December 2010. The dividend will be recognised in the subsequent financial reports upon approval from shareholders.

16. Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2010 RM'000	2009 RM'000
Less than one year	307	387
Between one and five years	93	416
	-----	-----
	400	803
	=====	=====

	2010	2009
	INR'000	INR'000
Less than one year	4,449	5,609
Between one and five years	1,348	6,029
	<u>5,797</u>	<u>11,638</u>
	=====	=====

The Company leases office premises and certain office equipments under operating leases. The leases typically run for an initial period of two to five years with option to renew the lease after that date.

17. Capital commitments

	2010	2009
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Approved but not contracted for	1,085	1,183
	<u>=====</u>	<u>=====</u>

	2010	2009
	INR'000	INR'000
<i>Property, plant and equipment</i>		
Approved but not contracted for	15,725	17,145
	<u>=====</u>	<u>=====</u>

18. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

18.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R/ (OL) RM'000
2010		
Financial assets		
Trade and other receivables	46,343	46,343
Cash and cash equivalents	341	341
	<u>46,684</u>	<u>46,684</u>
	=====	=====
2010		
Financial liabilities		
Bank borrowings	(13,897)	(13,897)
Trade and other payables	(8,471)	(8,471)
	<u>(22,368)</u>	<u>(22,368)</u>
	=====	=====
	Carrying amount RM'000	L&R/ (OL) RM'000
2010		
Financial assets		
Trade and other receivables	671,638	671,638
Cash and cash equivalents	4,942	4,942
	<u>676,580</u>	<u>676,580</u>
	=====	=====
2010		
Financial liabilities		
Bank borrowings	(201,406)	(201,406)
Trade and other payables	(122,768)	(122,768)
	<u>(324,174)</u>	<u>(324,174)</u>
	=====	=====

18.2 Financial risk management objectives and policies

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

- Market risk
- Liquidity risk
- Credit risk

18. Financial instruments (continued)

18.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's financial position or cash flows.

18.3.1 Foreign currency risk

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in the currency other than the functional currency, Ringgit Malaysia (RM). The currencies giving rise to this risk are primarily US Dollar (USD), Singapore Dollar (SGD), Brunei Dollar (BND) and Euro.

Risk management objectives, policies and processes for managing the risk

The Company does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	<i>USD</i> RM'000	<i>SGD</i> RM'000	<i>BND</i> RM'000	<i>Euro</i> RM'000
2010				
Trade and other receivables	-	3,117	12	-
Trade and other payables	(971)	-	-	(65)
Intra-group receivables	2,844	-	-	-
Intra-group payables	(2,483)	-	-	-
Exposure in the statement of financial position	(610)	3,117	12	(65)
	<i>USD</i> RM'000	<i>SGD</i> RM'000	<i>BND</i> RM'000	<i>Euro</i> RM'000
2010				
Trade and other receivables	-	45,174	174	-
Trade and other payables	(14,072)	-	-	(942)
Intra-group receivables	41,217	-	-	-

Intra-group payables	(35,986)	-	-	-
<hr/>				
Exposure in the statement of				
Position	(8,841)	45,174	174	(942)
	<hr/> <hr/>			

Currency risk sensitivity analysis

The table below presents the impact on the profit net of tax of a significant change (stated in RM) in exchange rates within the non-RM countries in which the Company operates, assuming that other variables remain unchanged:

18. Financial instruments (continued)

18.3.1 Foreign currency risk (continued)

	Profit or loss RM'000
USD/RM – strengthened 10%	(46)
– weakened 10%	46
SGD/RM – strengthened 10%	234
– weakened 10%	(234)
BND/RM – strengthened 10%	(1)
– weakened 10%	1
Euro/RM – strengthened 10%	(5)
– weakened 10%	5
	=====
	Profit or loss INR'000
USD/RM – strengthened 10%	(663)
– weakened 10%	663
SGD/RM – strengthened 10%	3,372
– weakened 10%	(3,372)
BND/RM – strengthened 10%	(14)
– weakened 10%	14
Euro/RM – strengthened 10%	(72)
– weakened 10%	72
	=====

18.3.2 Interest rate risk

The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

The Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowing are set to reduce the impact on an upward trend change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates as at the end of the reporting period and the periods in which they reprice or mature, whichever is earlier.

	2010			2009		
	Average interest rates %	Total RM'000	Within 1 year RM'000	Average interest rates %	Total RM'000	Within 1 year RM'000
Financial liability						
Bankers' acceptance	4.30 – 4.96	1,735	1,735	5.25 – 6.48	2,301	2,301
		=====	=====		=====	=====

IN INR

	2010			2009		
	Average interest rates %	Total INR'000	Within 1 year INR'000	Average interest rates %	Total INR'000	Within 1 year INR'000
Financial liability						
Bankers' acceptance	4.30 – 4.96	25,145	25,145	5.25 – 6.48	33,348	33,348
		=====	=====		=====	=====

18. Financial instruments (continued)

18.3.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates as at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Equity		Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000	50 bp increase RM'000	50 bp decrease RM'000
2010				
Floating rate instruments:				
Bank overdraft	(46)	46	(46)	46
Bankers' acceptance	(7)	7	(7)	7
	(53)	53	(53)	53
	=====	=====	=====	=====

	Equity		Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000	50 bp increase RM'000	50 bp decrease RM'000
2010				
Floating rate instruments:				
Bank overdraft	(667)	667	(667)	667
Bankers' acceptance	(101)	101	(101)	101
	(768)	768	(768)	768
	=====	=====	=====	=====

18.4 Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

18. Financial instruments (continued)

18.4 Liquidity risk (continued)

The table below represents the maturity profile of the financial liabilities recognised by the Company as at 31 December 2010, based on contractual undiscounted repayment obligations:

	Carrying amount RM'000	On demand RM'000	1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000
Trade and other payables	8,471	5,988	2,483	-	-
Bank borrowings	13,897	-	13,897	-	-
	<u>22,368</u>	<u>5,988</u>	<u>16,380</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====

	Carrying amount INR'000	On demand INR'000	1 year INR'000	1 to 5 years INR'000	IN INR More than 5 years INR'000
Trade and other payables	122,768	86,783	35,986	-	-
Bank borrowings	201,406	-	201,406	-	-
	<u>324,174</u>	<u>86,783</u>	<u>237,391</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====

18.5 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amount of the receivables presented in the balance sheet. As at the end of the reporting period, five (5) (2009: five (5)) significant debtors account for 82% of total receivables (2009: 85%). Except for this, there were no significant concentrations of credit risk.

18. Financial instruments (continued)**18.5 Credit risk (continued)**

The ageing of receivables as at the end of the reporting period was:

	Gross RM'000	Individual Impairment RM'000	Net RM'000
2010			
Not past due	951	-	951
Past due 0 – 30 days	8,206	-	8,206
Past due 31- 60 days	7,423	-	7,423
Past due 60 – 90 days	7,911	-	7,911
Past due more than 90 days	16,672	(56)	16,616
Total	<u>41,163</u> =====	<u>(56)</u> =====	<u>41,107</u> =====
2009			
Past due 0 – 30 days	23,933	-	23,933
Past due 31- 60 days	6,247	-	6,247
Past due 60 – 90 days	5,579	-	5,579
Past due more than 90 days	4,662	(57)	4,605
Total	<u>40,421</u> =====	<u>(57)</u> =====	<u>40,364</u> =====
	Gross	Individual	Net
	INR'000	Impairment	INR'000
		INR'000	INR'000
2010			
Not past due	13,783	-	13,783
Past due 0 – 30 days	118,928	-	118,928
Past due 31- 60 days	107,580	-	107,580
Past due 60 – 90 days	114,652	-	114,652
Past due more than 90 days	241,623	(812)	240,812
Total	<u>596,565</u> =====	<u>(812)</u> =====	<u>595,754</u> =====
2009			
Past due 0 – 30 days	346,855	-	346,855
Past due 31- 60 days	90,536	-	90,536
Past due 60 – 90 days	80,855	-	80,855

Past due more than 90 days	67,565	(826)	66,739
	<u> </u>	<u> </u>	<u> </u>
Total	585,812	(826)	584,986
	<u> </u>	<u> </u>	<u> </u>

The movements in the allowance for impairment losses of receivables during the financial year were:

	2010	2009
	RM'000	RM'000
At 1 January	57	-
Impairment loss recognised	54	57
Reversal of impairment losses	(55)	-
	<u> </u>	<u> </u>
At 31 December	56	57
	<u> </u>	<u> </u>
	2010	2009
	RM'000	RM'000
At 1 January	826	-
Impairment loss recognised	783	826
Reversal of impairment losses	(787)	-
	<u> </u>	<u> </u>
At 31 December	812	826
	<u> </u>	<u> </u>

18.6 Fair values

As at the end of the reporting period, the carrying amount of cash and bank balances, receivables and deposits, payables, accruals and short-term borrowings approximate fair value due to the relatively short-term nature of these financial instruments.

19. Capital Management

The Company's principal goal is to maintain healthy balance ratios for the support and continuity of the operational activities and maximizing shareholders value. The Company monitors the capital structure and balance ratios so as to optimise their goals, taking into account the economic circumstances. To achieve those goals, the Company's management is able to determine the dividend policy, share issues or other financial instruments. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2010.

20. Related party transactions

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel are all the Directors of the Company.

Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	2010	2009
	RM'000	RM'000
Immediate holding company		
Sales	(903)	(10,214)
Royalty and trademark	3,777	3,718
Purchases	10,967	18,591
Other expenses	-	72
Dividend paid	1,089	654
Related company		
Purchases from related company	-	17,850
	=====	=====
	2010	2009
	INR'000	INR'000
Immediate holding company		
Sales	(13,012)	(147,176)
Royalty and trademark	54,424	53,573
Purchases	158,026	267,882
Other expenses	-	1,037

Dividend paid	15,692	9,424
Related company		
Purchases from related company	-	257,205
	=====	=====

Balances with immediate holding company and related company at the reporting date are disclosed in Note 5 and Note 11 to the financial statements. All the outstanding balances are expected to be settled in cash by the related parties.

21. Contingencies

Litigation

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2010 RM'000	2009 RM'000
Contingent liabilities not considered remote		
Litigation (unsecured)	457	388
	=====	=====
	INR'000	
Litigation (unsecured)	6,623	5,623
	=====	=====

The Company is defending an action brought by a competitor company. While the liability is not admitted, if defence against the action is unsuccessful, then fines and legal costs could amount to RM457,000 [INR6,623,188 (2009 – RM388,000 [INR5,623,188])]. Based on legal advice, the Directors do not expect the outcome of the action to have a material effect on the Company's financial position.

In the Directors' opinion, disclosure of any further information would be prejudicial to the interests of the Company.

22. Significant changes in accounting policies

22.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

22. Significant changes in accounting policies (continued)

22.1 FRS 139, Financial Instruments: Recognition and Measurement (continued)

Consequently, the adoption of FRS 139 does not affect the profit or loss for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year's profit or loss.

22.2 FRS 101, Presentation of Financial Statements (revised)

The Company applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on the profit or loss.

22.3 FRS 123, Borrowing Costs (revised)

Before 1 January 2010, borrowing costs were all expensed to profit or loss as and when they were incurred. With the adoption of FRS 123, the Company capitalises borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset as part of the cost of the asset for which the commencement date of capitalisation is on or after 1 January 2010.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of the revised FRS 123.

Hence, the adoption of the revised FRS 123 does not affect the profit or loss for prior periods and has no material impact to current year's profit or loss.

22.4 FRS 117, Leases

The Company has adopted the amendment to FRS 117. The Company has reassessed and determined that all leasehold land of the Company which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the profit or loss for the current and prior periods.

23. Comparative figures

23.1 FRS 101, *Presentation of Financial Statements* (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

23.2 FRS 117, *Leases*

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Cost				
Property, plant and equipment	35,381	35,155	34,865	34,639
Prepaid lease payments	-	226	-	226
	=====	=====	=====	=====
Accumulated depreciation				
Property, plant and equipment	12,380	12,293	10,646	10,563
Prepaid lease payments	-	87	-	83
	=====	=====	=====	=====
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Cost				
Property, plant and equipment	512,768	509,493	505,290	502,014
Prepaid lease payments	-	3,275	-	3,275
	=====	=====	=====	=====
Accumulated depreciation				
Property, plant and equipment	179,420	178,159	154,290	153,087
Prepaid lease payments	-	1,261	-	1,203
	=====	=====	=====	=====

Note: Closing rate used against Indian Rupee for the year 2010 and 2009 are:

- i) Items relating to Profit and Loss account at Average rate : 1 Malaysian Ringitt = 0.0694
- ii) Items relating to Balance Sheet at Closing Rate: 1 Malaysian Ringitt = 0.0690

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)

(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 43 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Sd/-

.....
Dato' Abdullah bin Mohd Yusof

Sd/-

.....
Jeyabalan A/L V. Thangarajah

Date: 11 February 2011

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)

(Incorporated in Malaysia)

**Statutory declaration pursuant to
Section 169(16) of the Companies Act, 1965**

I, **Jeyabalan A/L V. Thangarajah**, the Director primarily responsible for the financial management of Ranbaxy (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 43 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 11 February 2011.

Sd/-

.....
Jeyabalan A/L V. Thangarajah

Before me: