

Ranbaxy (Poland) Sp. z.o.o.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 10 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December..2010

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the Shareholders' Meeting of Ranbaxy (Poland) Sp. z o.o.

We have audited the accompanying financial statements of Ranbaxy (Poland) Sp. z o.o., seated in Warsaw, ul. Kubickiego 11 ("the Company"), which comprise the introduction to the financial statements, the balance sheet as at 31 December 2010, the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended and the supplementary information and explanations.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Company is responsible for the correctness of the accounting records, the preparation and fair presentation of these financial statements and preparation of the Report on the Company's activities in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act") and related bylaws, and other applicable regulations. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act, Management of the Company and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and 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 and the accounting records from which they are derived 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 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 opinion.

Opinion

In our opinion, the accompanying financial statements of Ranbaxy (Poland) Sp. z o.o. have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's financial statements and have *been* prepared from accounting records that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spolka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Sd/-

Certified Auditor No. 11528
Magdalena Paulinek

4 February 2011
Warsaw

sd/-

Certified Auditor No. 90079,
Limited Liability Partner with power
of attorney
Miroslaw Grabarek

REPORT OF THE INDEPENDENT AUDITOR

Ranbaxy (Poland) Sp. z.o.o.

**Report supplementing
the auditor's opinion
on the financial statements
Financial Year ended
31 December 2010**

The report supplementing the auditor's opinion
contains 10 pages

**Report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2010**

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

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1. General

1.1. General information about the Company

1.1.1. Company name

Ranbaxy (Poland) Sp. z.o.o.

1.1.2. Registered office

ul. Kubickiego 11
02-954 Warsaw

1.1.3. Registration in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	27 November 2001
Registration number:	KRS 0000066017
Initial capital as at balance sheet date	PLN 4,291,000.00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2010, the Management Board of the Company was comprised of the following members:

- Debashis Dasgupta - Member of the Management Board,
- Przemyslaw Chromiec - Member of the Management Board,
- Maninder Singh - Member of the Management Board.

1.2. Auditor information

1.2.1. Key certified auditor information

Name and surname:	Mirosław Grabarek
Registration number:	90079

Name and surname:	Magdalena Paulinek
Registration number:	11528

1.2.2. Authorized auditor information

Name:	KPMG Audyt Spolka z ograniczoną odpowiedzialnością sp.k.
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

KPMG Audyt Spolka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546.

1.3. Prior period financial statements

The financial statements as at and for the year ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The financial statements were approved at the Shareholders' Meeting on 10 June 2010 where it was resolved to cover the loss for the prior financial year of PLN 107.6 thousand with future profits.

The financial statements were submitted to the Registry Court on 7 July 2010 and were published in Monitor Polski B No. 2522 on 22 December 2010.

1.4. Audit scope and responsibilities

This report was prepared for the Shareholders' Meeting of Ranbaxy (Poland) Sp. z o.o. seated in Warsaw, ul. Kubickiego 11, and relates to the financial statements comprising: the introduction to the financial statements, the balance sheet as at 31 December 2010, the profit and loss account, the statement of changes in equity, the cash flow statement for the year then ended and the supplementary information and explanations.

The financial statements have been audited in accordance with the contract dated 15 November 2010, concluded on the basis of the resolution of Shareholders' Meeting dated 10 June 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the financial statements in the Company's head office during the period from 15 to 17 November 2010 and on 17, 18 and 21 January 2011.

Management of the Company is responsible for the correctness of the accounting records and the preparation and fair presentation of the financial statements and preparation of the Report on the Company's activities in accordance with the accounting principles as set out in the Accounting Act and in compliance with the respective bylaws and other applicable regulations.

Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the Report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements and whether the financial statements have been prepared from properly maintained accounting records based on *our* audit.

Management of the Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Spilka z ograniczon4 odpowiedzialnościqu sp. k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spolka z ograniczon4 odpowiedzialności4 sp.k.

2. Financial analysis of the Company

2.1. Summary of the financial statements

2.1.1. Balance sheet

ASSETS	PLN'000			
	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Non-current assets				
Intangible assets	55.7	0.6	62	0.7
Tangible fixed assets	128.2	1.3	114.1	1.2
Long term prepayments and deferred expenses	501.6	5.1	222.1	2.4
	685.5	7	398.2	4.3
Current assets				
Short term receivables	4565.2	46.6	3619.5	39.2
Short term investments	4532.6	46.2	5,066.3	54.9
Short term prepayments and deferred expenses	23	0.2	146.3	1.6
	9,120.8	93	8,832.1	95.7
TOTAL ASSETS	9806.3	100	9,230.30	100.0

ASSETS	In Rs.'000			
	31.12.2010 In Rs '000	% of total	31.12.2009 In Rs '000	% of total
Non-current assets				
Intangible assets	837.6	0.6	932.3	0.7
Tangible fixed assets	1,927.8	1.3	1,715.8	1.2
Long term prepayments and deferred expenses	7,542.9	5.1	3,339.8	2.4
	10,308.3	7	5,988.0	4.3
Current assets				
Short term receivables	68,649.6	46.6	54,428.6	39.2
Short term investments	68,159.4	46.2	76,185.0	54.9
Short term prepayments and deferred expenses	345.9	0.2	2,200.0	1.6
	137,154.9	93	132,813.5	95.7
TOTAL ASSETS	147,463.2	100	138,801.5	100.0

PLN'000				
EQUITY AND LIABILITIES	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Equity				
Share capital	4,291.00	43.7	4291	46.5
Reserve capital	1754.9	16.8	1,754.90	19
Accumulated loss from previous years	-107.6	-	-	-
Net profit/(loss)	<u>810.8</u>	<u>8.3</u>	<u>-107.6</u>	<u>-1.2</u>
	6,749.10	68.8	5,938.30	64.3
Liabilities and provisions for liabilities				
Provisions for liabilities	2,639.60	26.9	1129.9	12.3
Short term liabilities	<u>417.6</u>	<u>4.3</u>	<u>2162.1</u>	<u>23.4</u>
	3057.2	31.2	3,292.00	35.7
<u>TOTAL EQUITY AND LIABILITIES</u>	<u>9806.3</u>	100	9,230.30	100

In Rs.'000				
EQUITY AND LIABILITIES	31.12.2010 In Rs. '000	% of total	31.12.2009 In Rs. '000	% of total
Equity				
Share capital	64,526.3	43.7	64,526.3	46.5
Reserve capital	26,389.5	16.8	26,389.5	19
Accumulated loss from previous years	-1,618.0	-	-	-
Net profit/(loss)	12,192.5	<u>8.3</u>	-1,618.0	<u>-1.2</u>
	101,490.2	68.8	89,297.7	64.3
Liabilities and provisions for liabilities				
Provisions for liabilities	39,693.2	26.9	16,991.0	12.3
Short term liabilities	6,279.7	<u>4.3</u>	32,512.8	<u>23.4</u>
	45,972.9	31.2	49,503.8	35.7

2.1.2 Profit and loss account

	01.01.2010 - 31.12.2010		01.01.2009 - 31.12.2009	
	PLN '000	% of total sales	YLN '000	% of total sales
PLN'000				
Net revenues and net revenue equivalents				
Net revenues from the sale of finished products	29,458.2	100.0	25,676.6	100.0
	<u>29,458.2</u>	<u>100.0</u>	<u>25,676.6</u>	<u>100.0</u>
Operating expenses				
Depreciation	-126.0	0.4	-109.7	0.4
Materials and energy	-1,295.3	4.4	-1,053.8	4.1
External services	-4,388.7	14.9	-4,232.6	16.5
Taxes and charges	-137.5	0.5	-125.5	0.5
Social security and other benefits	-8,752.7	29.7	-7,910.1	30.8
Other expenses by kind	-1,238.0	4.2	-1,193.7	4.6
Cost of merchandise and raw materials sold	-11,717.5	39.8	-10,314.4	40.2
	<u>-27,655.7</u>	<u>93.9</u>	<u>-24,939.8</u>	<u>97.1</u>
<i>Profit on sales</i>	<i>1,802.5</i>	<i>6.1</i>	<i>736.8</i>	<i>2.9</i>
Other operating revenues				
Other operating revenues	61.0	0.2	11.0	-
	<u>61.0</u>	<u>0.2</u>	<u>11.0</u>	<u>-</u>
Other operating expenses				
Other operating costs	(464.7)	(1.6)	(51.8)	(0.2)
	<u>(464.7)</u>	<u>(1.6)</u>	<u>(51.8)</u>	<u>(0.2)</u>
<i>Operating profit</i>	<i>1,398.8</i>	<i>4.7</i>	<i>696.0</i>	<i>2.7</i>
Financial income				
Interest	87.7	0.3	33.8	0.1
	<u>87.7</u>	<u>0.3</u>	<u>33.8</u>	<u>0.1</u>
Financial expenses				
Other	(42.9)	(0.1)	(475.2)	(1.8)
	<u>(42.9)</u>	<u>(0.1)</u>	<u>(475.2)</u>	<u>(1.8)</u>
<i>Gross profit</i>	<i>1,443.6</i>	<i>4.9</i>	<i>254.6</i>	<i>1.0</i>
Corporate income tax	(632.8)	(2.1)	(362.2)	(1.4)
<i>Vet profit/(loss)</i>	<i>810.8</i>	<i>2.8</i>	<i>(107.6)</i>	<i>0.4</i>

	01.01.2010 - 31.12.2010	% of total sales	01.01.2009 - 31.12.2009	% of total sales
	In Rs.'000		In Rs.'000	
In Rs.'000				
Net revenues and net revenue equivalents				
Net revenues from the sale of finished products	442,980.5	100.0	386,114.3	100.0
	<u>442,980.5</u>	<u>100.0</u>	<u>386,114.3</u>	<u>100.0</u>
Operating expenses				
Depreciation	-1,894.7	0.4	-1,649.6	0.4
Materials and energy	-19,478.2	4.4	-15,846.6	4.1
External services	-65,995.5	14.9	-63,648.1	16.5
Taxes and charges	-2,067.7	0.5	-1,887.2	0.5
Social security and other benefits	-131,619.5	29.7	-118,948.9	30.8
Other expenses by kind	-18,616.5	4.2	-17,950.4	4.6
Cost of merchandise and raw materials sold	-176,203.0	39.8	-155,103.8	40.2
	<u>-415,875.2</u>	<u>93.9</u>	<u>-375,034.6</u>	<u>97.1</u>
<i>Profit on sales</i>	27,105.3	6.1	11,079.7	2.9
Other operating revenues				
Other operating revenues	917.3	0.2	165.4	-
	<u>917.3</u>	<u>0.2</u>	<u>165.4</u>	<u>-</u>
Other operating expenses				
Other operating costs	-6,988.0	(1.6)	-778.9	(0.2)
	<u>-6,988.0</u>	<u>(1.6)</u>	<u>-778.9</u>	<u>(0.2)</u>
<i>Operating profit</i>	21,034.6	4.7	10,466.2	2.7
Financial income				
Interest	1,318.8	0.3	508.3	0.1
	<u>1,318.8</u>	<u>0.3</u>	<u>508.3</u>	<u>0.1</u>
Financial expenses				
Other	-645.1	(0.1)	-7,145.9	(1.8)
	<u>-645.1</u>	<u>(0.1)</u>	<u>-7,145.9</u>	<u>(1.8)</u>
<i>Gross profit</i>	21,708.3	4.9	3,828.6	1.0
Corporate income tax	-9,515.8	(2.1)	-5,446.6	(1.4)
<i>:Vet profit/(loss)</i>	<u>12,192.5</u>	<u>2.8</u>	<u>-1,618.0</u>	<u>0.4</u>

2.2. Selected financial ratios

	<u>2010</u>	<u>2009</u>	<u>2008</u>
1. Return on sales			
<u>net profit x 100%</u>	2.8%	negative	8.0%
net revenues		value	
2. Return on equity			
<u>net profit x 100%</u>	13.7%	negative	48.0%
equity - net profit		value	
3. Debtors' days			
<u>average trade receivables (gross) x 365 days</u>	42 days	30 days	18 days
net revenues			
4. Debt ratio			
<u>liabilities and provisions for liabilities x 100%</u>	31.2%	35.7%	17.2%
total equity and liabilities			
5. Current ratio			
<u>current assets</u>	3.0	2.7	5.6
current liabilities			

- Current assets exclude receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding liabilities due in more than 12 months) and other short-term accruals.
- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables to related and other parties at the beginning and at the end of the period, excluding allowances for receivables.

3. Detailed report

3.1. Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act.

3.2. Introduction and supplementary information and explanations to the financial statements

All information included in the introduction and the supplementary information and explanations to the financial statements is, in all material respects, presented correctly and completely. The introduction and supplementary information and explanations should be read in conjunction with the financial statements.

3.3. Report on the Company's activities

The Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

3.4. Information on the opinion of the independent auditor

Based on our audit of the financial statements of the Company as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spolka z ograniczont
odpowiedzialnoscit sp.k. registration number 3546
ul. Chlodna 51, 00-867 Warsaw

Sd/-

Certified Auditor No. 11528
Magdalena Paulinek

4 February 2011
Warsaw

Sd/-

Certified Aud for No. 90079
Limited Liability Partner with power
of attorney
Miroslaw Grabarek

DIRECTOR'S REPORT ON THE COMPANY'S ACTIVITIES

THE MANAGEMENT REPORT FOR 2010

Ranbaxy (Poland) Sp. z o.o. is seated in Warsaw, J. Kubicki 11 Street. It operates on the territory of Poland.

The Company's share capital amounts to PLN 4,291 (In Rs. 64,526) thousand and is divided into 8,582 equal and indivisible shares with a nominal value of PLN 0.5 (In Rs.7.5) thousand each.

The main shareholder of the Company in 2010 was Ranbaxy (Netherlands) By, holding 99.98% of its shares.

In 2010 the Management Board was comprised of the following members:

- Debashis Dasgupta Member of the Management Board from 01.01.2010 to 31.12.2010
- Przemysław Chyś Member of the Management Board from 01.01.2010 to 31.12.2010
- Maninder Singh Member of the Management Board from 01.01.2010 to 31.12.2010

In 2010 the Company did not issue own shares and did not acquire other shares.

The core activity of the Company in 2010 was providing marketing and advertising services for Ranbaxy Ireland to all activities and transactions necessary for trading products in Poland.

In 2010 the Company realized a contract concluded in 2008 with Imed Poland Sp. z o.o. for marketing services of Lacidar. The Company realized as well contract concluded with Adamed Sp. z o.o. for marketing services of Ranofren.

At the end of 2010 Ranbaxy employed 98 people, including 80 people representing a team responsible for maintaining relationships with the medical, pharmacist and wholesale sector.

In 2010 the Company generated net profit of PLN 810.8 thousand which will be allocated as reserve capital of the Company. Net revenues in 2010 amounted to PLN 29,458 (In Rs. 442,977) thousand.

The Company intends to continue its activities in 2011 including special care about financial condition of the Company.

Other information on financial instruments and risk related to them is describe in note 18 to the financial statements.

Sd/-

Debashis Dasgupta
Member of the Management Board

Sd/-

Przemysław Chyś
Member of the Management Board

Sd/-

Maninder Singh
Member of the Management Board

Warsaw, 4 February 2011

Note: Conversion rate used against Indian Rupees for the year 2010 and 2009 are:

- i) Items relating to Profit and Loss account at Average Rate: 1 Polish Zoloty = 0.0665**
- ii) Items relating to Balance Sheet at Closing rate : 1= Polish Zoloty= 0.0665**

FINANCIAL STATEMENTS

RANBAXY (POLAND) SP. Z O.O.

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2010

Ranbaxy (Poland) Sp. z o.o.

Financial statements for the year ended 31 December 2010

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Ranbaxy (Poland) Sp. z o.o.

Financial statements for the year ended 31 December 2010

STATEMENT OF THE MANAGEMENT BOARD

In accordance with Art. 52, paragraph 1 of the Accounting Act of 29 September 1994 (Official Journal 2009, No. 152, item 1223 with amendments), the Management Board of Ranbaxy (Poland) Sp. z o.o. ("the Company") presents the financial statements, which consist of:

- 1) the introduction to the financial statements;
- 2) the balance sheet as at 31 December 2010 with total assets and total liabilities and equity of PLN 9,806.3 (In Rs. 147,463.2) thousand;
- 3) the profit and loss account for the period from 1 January 2010 to 31 December 2010 with a net profit of PLN 810,8 (In Rs. 12,192.5) thousand;
- 4) the statement of changes in equity for the period from 1 January 2010 to 31 December 2010 with an equity increase of PLN 810.8 (In Rs.12,192.5) thousand;
- 5) the statement of cash flows for the period from 1 January 2010 to 31 December 2010 with a net cash decrease of PLN 533,7 (In Rs. 8,025.6) thousand;;
- 6) supplementary information and explanations.

Sd/-

Debashis Dasgupta

Member of the Management Board

Sd/-

Maninder Singh

Member of the Management Board

Sd/-

Przemyslaw Chromice

Member of the Management Board

Sd/-

Dorota Kopecka

Person responsible for Financial Accounting

Warsaw, 4 February 2011

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

1. General information on the Company

1. 1 Company name

Ranbaxy (Poland) Sp. z o.o., ("the Company")

1. 2 Registered office

Kubickiego 11
02-954 Warsaw

1. 3 Registration in the National Court Register

Seat of the court: District Court for the Capital City of Warsaw in Warsaw, X111
Commercial Department of National Court Register

Date: 27 November 2001

Registration number: 0000066017

1. 4 Primary business activities and the period of the Company's activities

The Company's scope of business activities listed in its Deed include the following:

- wholesale trade of imported consumer merchandises, especially finished drug products,
- wholesale trade of imported pharmaceutical materials,
- import and export of pharmaceuticals,
- production of pharmaceutical materials and finished products,
- marketing services,
- distribution services,
- retail sales of pharmaceuticals,
technological research.

The Company was established for an indefinite period.

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

1. 5 Reporting period

The financial statements were prepared for the period from I January 2010 to 31 December 2010 and the comparative information is prepared for the period from I January 2009 to 31 December 2009.

1. 6 Going concern assumption

The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future

There is no evidence indicating that the Company will not be able to continue its activities as a going concern.

2. Significant accounting policies

The significant accounting policies which have been followed in the preparation of these financial statements are as follows:

2. 1 Basis of financial statements preparation

The financial statements have been prepared in accordance with the practice followed by enterprises in Poland, based on accounting standards promulgated in the Accounting Act dated from 29 September 1994 (Official Journal 2009, No. 152, item 1223 with amendments) and respective bylaws and regulations.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years.

2. 2 Revenue and expenses

Revenue and expenses are recognized on the accrual basis in the period to which they relate, regardless of the period in which related payments are made or received.

The Company records expenses by type of expenditure and prepares its profit and loss account by type of expenditure.

Sales revenue

Revenue from sales of finished goods, merchandise and raw materials is recognized in the profit and loss account when the rewards of ownership have been transferred to the buyer. Revenue from sales of services with an execution period shorter than 6 months is recognized upon completion of service.

Ranbaxy (Poland) Sp. z o.o.

Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 3 *Interest*

Interest received are recognized based on accrual basis (using the effective interest rate method).

2. 4 *Statement of cash flows*

The statement of cash flows is presented using the indirect method..

2. 5 *Intangible fixed assets*

Intangible fixed assets are recognized at cost i.e. either at acquisition price or directly attributable expenditures and are depreciated using the straight line method applying the following depreciation rates:

Goodwill	20%
Software	20%

Depreciation period and depreciation rates are subject to analysis at the end of each financial year causing respective adjustment of future depreciation.

2. 6 *Tangible fixed assets*

Tangible fixed assets are initially recognized at costs i.e. either at acquisition price or construction cost less accumulated depreciation and any impairment.

The acquisition price or construction cost includes all costs incurred in the construction, assembly, installation and improvement process up to the date when the asset was brought into use. The cost includes borrowing costs and related foreign exchange gains and losses, net of related investment income.

Subsequent expenditure on improvements such as re-construction, extension or modernization is capitalized and increases the initially recognized cost of an asset. Subsequent expenditure is capitalized only if it increases the economic benefit embodied in the asset.

Tangible fixed assets are depreciated using a straight-line method. Depreciation commences in the next month after the asset was brought into use.

The example depreciation rates are as follows:

Computers	30%
Technical equipment and machinery	14%
Other tangible assets	20%

Depreciation periods and depreciation rates are subject to analysis at the end of each financial year causing respective adjustment of future depreciation.

Ranbaxy (Poland) Sp. z o.o.
Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 7 *Impairment*

The carrying amounts of the assets or group of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised in the amount of the difference between the carrying amount of an asset and its estimated recoverable amount. Impairment losses are recognised in profit or loss. If the results of revaluation of assets previously increased the revaluation reserve, the impairment losses reduce the amount of such reserve and the remaining part is recognised in profit or loss.

2. 8 *Debtors, claims and creditors, other than those classified as financial assets and financial liabilities*

Debtors are presented at the amounts due, taking into consideration the prudence principle. Debtors are adjusted by an allowance for doubtful debtors taking into consideration the likelihood of future debt collection. The allowance is charged either to operating expenses or to financial expenses depending on the type of receivable to which it relates.

Creditors are presented at the amounts due.

Debtors and creditors denominated in foreign currencies are translated to Polish zloty at the average exchange rate published by the National Bank of Poland (NBP) at the date preceding the transaction date.

At the balance sheet date, debtors and creditors denominated in foreign currencies are translated to Polish zloty at the average exchange rate on that date as published by the National Bank of Poland (NBP).

2. 9 *Prepayments and accruals*

Expenses relating to the future reporting periods are charged to prepayments. The Company keeps an account of accrued expenses in the amount of probable liabilities relating to the current reporting period. Examples of prepayments are: car insurance, prepayments for services, or costs which refer to the future revenues of the Company.

2. 10 *Provision for liabilities*

Provisions are raised for liabilities whose timing or amount are uncertain.

Ranbaxy (Poland) Sp. z o.o.

Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 11 *Income tax*

Corporate income tax, as presented in the profit and loss account, comprises current and deferred income tax.

Current income tax is determined in accordance with the relevant tax regulations. Deferred tax presented in the profit and loss account is comprised of the difference between deferred tax liabilities and deferred tax assets as at the beginning and the end of the financial period.

Deferred tax assets and liabilities relating to equity transactions are charged or credited to equity.

Deferred tax assets are recognized only to the extent that it is expected that the related amount will be used to reduce taxable profits in the future with respect to tax deductible temporary differences and tax losses carryforwards calculated under the prudence principle.

Deferred tax liabilities are recorded at the amount of corporate income tax payable in the future and are created based on taxable temporary differences that will increase taxable profits in the future.

Deferred tax assets and liabilities are determined based on the enacted tax rate binding for the year in which the tax obligation arises.

Deferred tax assets and liabilities are presented separately in the balance sheet.

2. 12 *Foreign exchange differences*

Foreign exchange differences resulting from periodic revaluation and settlement of monetary assets and liabilities denominated in foreign currencies, excluding long-term investments, and from the sale of foreign currencies are recorded as financial revenue or expense. Eligible foreign exchange differences are capitalised to finished goods and merchandise, tangible fixed assets, construction in progress or intangible fixed assets.

The following exchange rates were used for the valuation of monetary items denominated in foreign currencies [PLN]:

	31.12.2010	31.12.2009
EUR	3,9603	4,1082
USD	2,9641	2,8503
GBP	4,5938	

Ranbaxy (Poland) Sp. z o.o.

Introduction to the financial statements

(All amounts are stated in PLN thousand)

2. 13 Financial instruments

Financial instruments are accounted for in accordance with the Decree of the Ministry of Finance dated 12 December 2001 which specifies specific provisions for the recognition, valuation methods, scope of disclosure and manner of presentation of financial instruments in financial statements. The valuation principles and disclosure policies described in the note below do not refer to financial instruments excluded from the Decree, in particular shares in dependent entities, obligations and rights pursuant to leasing and insurance agreements, trade receivables and payables and financial instruments issued or granted by the entity that constitute the entity's equity instruments.

Financial instruments classification

Classification of financial assets:

- financial assets held for trading,
- loans and receivables originated by the enterprise,
- financial assets held to maturity,
- financial assets available for sale.

Classification of financial liabilities:

- financial liabilities held for trading,
- other financial liabilities.

During the year and at the balance sheet day the Company does not have any significant financial instruments except for bank deposits.

Sd/ -

Debashis Dasgupta

Member of the Management Board

Sd/-

Maninder Singh

Member of the Management Board

Sd/-

Przemyslaw Chromice

Member of the Management Board

Sd/-

Dorota Kopecka

*Person responsible for Financial
Accounting*

Warsaw, 4 February, 2011

Ranbaxy (Poland) Sp. z o.o.

Balance Sheet

(All amounts are stated in PLN thousand)

ASSETS	Note	31.12.2010		31.12.2009	
		PLN	In Rs.	PLN	In Rs.
Fixed assets		685.5	10,308.3	398.2	5,988.0
Intangible fixed assets	I				
Goodwill		-		0.2	3.0
Other intangible fixed assets		55.7	837.6	6.0	90.2
		<u>55.7</u>	<u>837.6</u>	<u>6.2</u>	<u>93.2</u>
Tangible fixed assets	2				
Fixed assets		128.2	1,927.8	169.9	2,554.9
technical equipment and machinery		116.5	1,751.9	153.6	2,309.8
other tangible fixed assets		11.7	175.9	16.3	245.1
		<u>128.2</u>	<u>1,927.8</u>	<u>169.9</u>	<u>2,554.9</u>
Prepayments and deferred expenses					
Deferred tax asset	11.3	501.6	7,542.9	222.1	3,339.8
		<u>501.6</u>	<u>7,542.9</u>	<u>222.1</u>	<u>3,339.8</u>
Current assets		9,120.8	137,154.9	8,832.1	132,813.5
Short-term receivables					
Receivables from related parties		3,184.2	47,882.7	2,321.6	34,911.3
trade receivables	3.1	3,184.2	47,882.7	2,321.6	34,911.3
Receivables from third parties		1,381.0	20,766.9	1,297.9	19,517.3
trade receivables	3.2	535.8	8,057.1	693.2	10,424.1
taxation and social security debtors		649.9	9,772.9	535.6	8,054.1
Other		195.3	2,936.8	69.1	1,039.1
		<u>4,565.2</u>	<u>68,649.6</u>	<u>3,619.5</u>	<u>54,428.6</u>
Short-term investments					
Short-term financial assets		4,532.6	68,159.4	5,066.3	76,185.0
cash and cash equivalents	4.1	4,532.6	68,159.4	5,066.3	76,185.0
		<u>4,532.6</u>	<u>68,159.4</u>	<u>5,066.3</u>	<u>76,185.0</u>
Short-term prepayments and deferred expenses	5	23.0	345.9	146.3	2,200.0
TOTAL ASSETS		<u>9,806.3</u>	<u>147,463.2</u>	<u>9,230.3</u>	<u>138,801.5</u>

Balance sheet should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.

Balance Sheet

(All amounts are stated in PLN thousand)

EQUITY AND LIABILITIES	Note	31.12.2010		31.12.2009	
		PLN	In Rs.	PLN	In Rs.
Equity					
Share capital	6.1	4,291.0	64,526.3	4,291.0	64,526.3
Reserve capitals		1,754.9	26,389.5	1,754.9	26,389.5
Accumulated profit/(loss) from previous years		(107.6)	(1,618.0)	-	
Net profit/(loss)		810.8	12,192.5	(107.6)	(1,618.0)
		<u>6,749.1</u>	<u>101,490.2</u>	<u>5,938.3</u>	<u>89,297.7</u>
Liabilities and provisions for liabilities					
		3,057.2	45,972.9	3,292.0	49,503.8
Provisions for liabilities					
Other provisions		2,639.6	39,693.2	1,129.9	16,991.0
- short-term	7.1	2,639.6	39,693.2	1,129.9	16,991.0
		<u>2,639.6</u>	<u>39,693.2</u>	<u>1,129.9</u>	<u>16,991.0</u>
Short-term liabilities					
Related party liabilities				97.8	1,470.7
Trade				97.8	1,470.7
Liabilities due to third parties		289.2	4,348.9	1,951.3	29,342.9
trade liabilities	8.1	54.5	819.5	1,471.6	22,129.3
taxation, custom duties and social security		234.7	3,529.3	479.7	7,213.5
Special funds		128.4	1,930.8	113.0	1,699.2
		<u>417.6</u>	<u>6,279.7</u>	<u>2,162.1</u>	<u>32,512.8</u>
TOTAL EQUITY AND LIABILITIES					
		<u>9,806.3</u>	<u>147,463.2</u>	<u>9,230.3</u>	<u>138,801.5</u>

Sd/-

Debashis Dasgupta
Member of the Management Board

Sd/-

Maninder Singh
Member of the Management Board

Sd/-

Przemyslaw Chromice
Member of the Management Board,

Sd/-

Dorota Kopecka
Person responsible for Financial Accounting

Warsaw, 4 February 2011

Balance sheet should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.

Profit and Loss Account

(All amounts are stated in PLN thousand)

	Note	01.01.2010 - 31.12.2010		01.01.2009 - 31.12.2009	
		PLN	In Rs.	PLN	In Rs.
Net revenues and net revenue equivalents, including:	9				
-from related parties		28,115.9	422,795.5	24,775.3	372,560.9
Net revenues from the sale of finished products		29,458.2	442,980.5	25,676.6	386,114.3
		<u>29,458.2</u>	<u>442,980.5</u>	<u>25,676.6</u>	<u>386,114.3</u>
Operating expenses					
Depreciation		(126.0)	(1,894.7)	(109.7)	(1,649.6)
Materials and energy		(1,295.3)	(19,478.2)	(1,053.8)	(15,846.6)
External services		(4,388.7)	(65,995.5)	(4,232.6)	(63,648.1)
Taxes and charges including:		(137.5)	(2,067.7)	(125.5)	(1,887.2)
Payroll		(8,752.7)	(131,619.5)	(7,910.1)	(118,948.9)
Social security and other benefits		(1,238.0)	(18,616.5)	(1,193.7)	(17,950.4)
Other expenditures by kind		(11,717.5)	(176,203.0)	(10,314.4)	(155,103.8)
		<u>(27,655.7)</u>	<u>(415,875.2)</u>	<u>(24,939.8)</u>	<u>(375,034.6)</u>
Profit on sales		1,802.5	27,105.3	736.8	11,079.7
Other operating revenues					
Other operating revenues		61.0	917.3	11.0	165.4
		<u>61.0</u>	<u>917.3</u>	<u>11.0</u>	<u>165.4</u>
Other operating expenses					
Other operating costs		(464.7)	(6,988.0)	(51.8)	(778.9)
		<u>(464.7)</u>	<u>(6,988.0)</u>	<u>(51.8)</u>	<u>(778.9)</u>
Operating profit		1,398.8	21,034.6	696.0	10,466.2
Financial revenue					
Interest	10	87.7	1,318.8	33.8	508.3
		87.7	1,318.8	33.8	508.3
Financial expenses					
Other		(42.9)	(645.1)	(475.2)	(7,145.9)
		<u>(42.9)</u>	<u>(645.1)</u>	<u>(475.2)</u>	<u>(7,145.9)</u>
Gross profit on business activities		1,443.6	21,708.3	254.6	-
Profit before taxation		1,443.6	21,708.3	254.6	3,828.6
Corporate income tax	II	(632.8)	(9,515.8)	(362.2)	(5,446.6)
Net profit/(I)		<u>810.8</u>	<u>12,192.5</u>	<u>(107.6)</u>	<u>(1,618.0)</u>

Sd/-
 Debashis Das Gupta
 Member of the management Board

Sd/-
 Maninder Singh
 Member of the management Board

Sd/-
Prezemyslaw Chromiece
Member of the Management Board,,

Sd/-
Dorota Kopect
Person responsible for Financial
Accounting

Warsaw, 4 February 2011

Profs and loss account should be analyzed together with the supplementary information and explanations which are an integral YV

Ranbaxy (Poland) Sp. z o.o.
Statement of Changes in Equity

(All amounts are stated in PLN thousand)

	Note	01.01.2010 - 31.12.2010		01.01.2009 - 31.12.2009	
		PLN	In Rs.	PLN	In Rs.
Equity at the beginning of the period		5,938.3	89,297.7	6,045.9	90,915.8
Share capital at the beginning of the period	6.I	4,291.0	64,526.3	4,291.0	64,526.3
Share capital at the end of the period		4,291.0	64,526.3	4,291.0	64,526.3
Reserve capital at the beginning of the period		1,754.9	26,389.5	-	
additions relating to:		-		1,754.9	26,389.5
- profit allocation (statutory)		-		1,754.9	26,389.5
Reserve capital at the end of the period		1,754.9	26,389.5	1,754.9	26,389.5
Accumulated (loss)/profit from previous years at the beginning of the period		tto/.0)		1/--14.9	
deduction relating to:				(1,754.9)	(26,389.5)
- transfer to reserve capital		-		(1,754.9)	(26,389.5)
Accumulated profit from previous years at the end of the period		(107.6)	(1,618.0)	-	
Net profit/(loss) after taxation for the financial year					
net profit		810.8	12,192.5		
net loss		(107.6)	(1,618.0)		
Equity at the end of the period		6,749.1	101,490.2	5,938.3	89,297.7
Equity after proposed profit distribution/coverage of loss	6.2	6,749.1	101,490.2	5,938.3	89,297.7

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Sd/-
Debashis Dasguptata
Member of the Management Board

Sd/-
Maninder Singh
Member of the Management Board

Sd/-
Premyslaw Chromice
Member of the Management Board
Warsaw, 4 February 2011

Sd/-
Dorota Kopecka
Prson responsible for Financial Accounting

Ranbaxy (Poland) Sp. z o.o.

Statement of Cash Flows

(All amounts are stated in PLN thousand)

	<u>Note</u>	01.01.2010 - 31.12.2010		01.01.2009 - 31.12.2009	
		PLN	In Rs.	PLN	In Rs.
Cash flow from operating activities					
Net profit/(loss)		810.8	12,192.5	(107.6)	(1,618.0)
Total adjustments:					
Depreciation and amortization		126.0	1,894.7	109.7	1,649.6
Interest and share in profits (dividend income)	10	(87.7)	(1,318.8)	(33.8)	(508.3)
Profit on investing activity	12	(2.2)	(33.1)	-	
Change in provisions		1,509.7	22,702.3	730.2	10,980.5
Change in receivables		(945.7)	(14,221.1)	(1,985.9)	(29,863.2)
Change in short-term liabilities (excluding loans and bank credits)	12.1	(1,744.5)	(26,233.1)	1,301.6	19,572.9
Change in prepayments, accruals and deferred income and expenses		(156.2)	(2,348.9)	71.7	1,078.2
Other adjustments		-		2.6	39.1
		(1,300.6)	(19,557.9)	196.1	2,948.9
<hr/>					
Net cash flow from operating activities		(489.8)	(7,365.4)	88.5	1,330.8
Cash flow from investing activities					
Proceeds:	7,6				
Disposal of tangible and intangible fixed assets	7,6				
Disbursements:		(139.2)	(2,093.2)	(104.2)	(1,566.9)
Purchase of tangible and intangible fixed assets	12.2	(139.2)	(2,093.2)	(104.2)	(1,566.9)
<hr/>					
Net cash flow from investing activities		(131.6)	(1,978.9)	(104.2)	(1,566.9)
<hr/>					
Cash flow from financing activities					

Statement of cash flows should be analyzed together with the supplementary information and explanations which are an integral part of the financial statements.

Ranbaxy (Poland) Sp. z o.o.
Statement of Cash Flows

(All amounts are stated in PLN thousand)

	Note	01.01.2010 - 31.12.2010		01.01.2009 - 31.12.2009	
		PLN	In Rs.	PLN	In Rs.
Proceeds:		87.7	1,318.8	33.8	508.3
Other financial proceeds		87.7	1,318.8	33.8	508.3
Disbursements:					
Net cash flow from financing activities		87.7	1,318.8	33.8	508.3
Net cash flow		(533.7)	(8,025.6)	18.1	272.2
Balance sheet change in cash, including:		(533.7)	(8,025.6)	18.1	272.2
Cash at the beginning of the financial year		5,066.3	76,185.0	5,048.2	75,912.8
Cash at the end of the financial year, including:	4.2	4,532.6	68,159.4	5,066.3	76,185.0
- restricted cash		97.1	1,460.2	123.3	1,854.1

Sd/-

Debashis Das Gupta
Member of the Management Board

Sd/-

Przemyslaw
Member of the Management Board

Warsaw, 4 February 2011

Ranbaxy (Poland) Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN thousand)

1. Intangible fixed assets

Changes in intangible fixed assets

		Other intangible fixed assets	PLN Total
Gross book value			
As at 01.01.2010	10.2	65.8	76.0
Additions	-	55.3	55.3
Disposals		<u>(57.7)</u>	<u>(57.7)</u>
As at 31.12.2010	<u>10.2</u>	63.4	73.6
Accumulated depreciation			
As at 01.01.2010	(10.0)	(59.8)	(69.8)
Additions	(0.2)	(5.2)	(5.4)
Disposals		<u>57.3</u>	<u>57.3</u>
As at 31.12.2010	<u>(10.2)</u>	<u>(7.7)</u>	(17.9)
Net book value			
As at 01.01.2010	0.2	6.0	6.2
As at 31.12.2010		55.7	55.7

		Other intangible fixed assets	In Rs. Total
Gross book value			
As at 01.01.2010	153.4	989.5	1,142.9
Additions	-	831.6	831.6
Disposals		(867.7)	(867.7)
As at 31.12.2010	153.4	953.4	1,106.8
Accumulated depreciation			
As at 01.01.2010	(150.4)	(899.2)	(1,049.6)
Additions	(3.0)	(78.2)	(81.2)
Disposals		861.7	861.7
As at 31.12.2010	(153.4)	(115.8)	(269.2)
Net book value			
As at 01.01.2010	3.0	90.2	93.2
As at 31.12.2010		837.6	837.6

Ranbaxy (Poland) Sp. z o.o.
Supplementary information and explanations

(All amounts are stated in PLN thousand)

2. Tangible fixed assets

2. 1 Changes in tangible fixed assets

			PLN
	Technical equipment and machinery	Other tangible fixed assets	Total
Gross book value			
As at 01.01.2010	540.9	93.6	634.5
Additions	59.3	24.6	83.9
Disposals	<u>(223.0)</u>	—	<u>(223.0)</u>
As at 31.12.2010	377.2	118.2	495.4
Accumulated depreciation			
As at 01.01.2010	(387.3)	(77.3)	(464.6)
Additions	(91.4)	(29.2)	(120.6)
Disposals	218.0	-	218.0
As at 31.12.2010	(260.7)	(106.5)	(367.2)
Net book value			
As at 01.01.2010	153.6	16.3	169.9
As at 31.12.2010	116.5	11.7	128.2

			In Rs.
	Technical equipment and machinery	Other tangible fixed assets	Total
Gross book value			
As at 01.01.2010	8,133.8	1,407.5	9,541.4
Additions	891.7	369.9	1,261.7
Disposals	(3,353.4)	—	(3,353.4)
As at 31.12.2010	5,672.2	1,777.4	7,449.6
Accumulated depreciation			
As at 01.01.2010	(5,824.1)	(1,162.4)	(6,986.5)
Additions	(1,374.4)	(439.1)	(1,813.5)
Disposals	3,278.2	-	3,278.2
As at 31.12.2010	(3,920.3)	(1,601.5)	(5,521.8)

Net book value

As at 01.01.2010	2,309.8	245.1	2,554.9
As at 31.12.2010	1,751.9	175.9	1,927.8

2. 2 *Non depreciated fixed assets*

The Company uses fixed assets under rental and other agreements, including lease agreements, valued at PLN 5,850 (In Rs. 87,970) thousand [2009: PLN 6,009 (In Rs.90,361) thousand]. This gross value has been assigned to the leased assets in the respective rent or lease or similar agreements.

Ranbaxy (Poland) Sp. z o.o.

Supplementary information and explanations

(All amounts are stated in PLN thousand)

3. Short-term receivables

3. 1 Ageing of short-term trade receivables from related parties

	31.12.2010		31.12.2009	
	PLN	In Rs.	PLN	In Rs.
<i>Remaining term</i>				
Due within 12 months	3,184.2	47,882.7	2,321.6	34,911.3
	3,184.2	47,882.7	2,321.6	34,911.3
Gross trade receivables	<u>3,184.2</u>	47,882.7	2,321.6	34,911.3
Net trade receivables	3,184.2	47,882.7	2,321.6	34,911.3

3. 2 Ageing of short-term trade receivables from other parties

	31.12.2010		31.12.2009	
	PLN	In Rs.	PLN	In Rs.
<i>Remaining term</i>				
Due within 12 months	535.8	8,057.1	729.4	10,968.4
	<u>535.8</u>	<u>8,057.1</u>	<u>729.4</u>	<u>10,968.4</u>
Gross trade receivables	535.8	8,057.1	729.4	10,968.4
Allowances for trade receivables	-		(36.2)	(544.4)
Net trade receivables	<u>535.8</u>	<u>8,057.1</u>	<u>693.2</u>	<u>10,424.1</u>

4. Short-term investments

4. 1 Cash and cash equivalents

	31.12.2010		31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Cash on hand and in bank	4,532.6	68,159.4	5,066.3	76,185.0
	4,532.6	68,159.4	5,066.3	76,185.0

5. Short-term prepayments and deferred expenses

	31.12.2010		31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Insurance	0.4	6.0	0.8	12.0
Social fund	4.9	73.7	18.7	281.2
Prepayments fo services	17.7	266.2	126.8	1,906.8
	<u>23.0</u>	<u>345.9</u>	<u>146.3</u>	<u>2,200.0</u>

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(All amounts are stated in PLN thousand)

6. Share capital

6. 1 Ownership structure of share capital

Shareholders	Number of shares held	Nominal value of shares		% held
		PLN	In Rs.	
Ranbaxy (Netherlands) B.V.	8,580.0	4,290.0	64,511.3	100,0%
Ranbaxy (Holdings) UK LTD	2.0	1.0	15.0	0,0%
	<u>8,582.0</u>	<u>4,291.0</u>	<u>64,526.3</u>	<u>100,0%</u>

6. 2 Proposals for profit distribution or coverage of losses

The Management Board proposes to transfer the profit for the financial year to reserve capital.

7. Provisions

7. 1 Short-term provisions

	Provision for unused holidays	Provision for employee bonuses	PLN	
			Other	Total
As at 01.01.2010	436.4	100.1	593.4	1129.9
Raised	306.6	474.8	1858.2	2639.6
Used	-	-	-22.3	-22.3
Released	-436.4	-100.1	-571.1	-1107.6
As at 31.12.2010	<u>306.6</u>	<u>474.8</u>	<u>1858.2</u>	<u>2639.6</u>

	Provision for unused holidays	Provision for employee bonuses	In Rs.	
			Other	Total
As at 01.01.2010	6,562.4	1,505.3	8,923.3	16,991.0
Raised	4,610.5	7,139.8	27,942.9	39,693.2
Used	-	-	(335.3)	(335.3)
Released	(6,562.4)	(1,505.3)	(8,588.0)	(16,655.6)
As at 31.12.2010	<u>4,610.5</u>	<u>7,139.8</u>	<u>27,942.9</u>	<u>39,693.2</u>

8. Short-term liabilities

8. 1 Short-term trade liabilities to third parties of PLN 54 (In Rs. 812)thousand are due within 12 months from balance sheet date.

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9. Structure of revenues from sales

	01.01.2010 - 31.12.2010		01.01.2009 - 31.12.2009	
	PLN	In Rs.	PLN	In Rs.
<i>Geographical structure</i>				
Revenues from the sale of finished products				
Domestic	1,325.5	19,932.3	901.3	13,553.4
Export	28,132.7	423,048.1	24,775.3	372,560.9
	<u>29,458.2</u>	<u>442,980.5</u>	<u>25,676.6</u>	<u>386,114.3</u>
<i>Sale structure by activity</i>				
Revenues from the sale of finished products				
Marketing services	29,458.2	442,980.5	25,676.6	386,114.3
	<u>29,458.2</u>	<u>442,980.5</u>	<u>25,676.6</u>	<u>386,114.3</u>

10. Interest received

(including on debt financial instruments, loans granted and the receivables originated by the enterprise)

in the period from 1 January 2010 to 31 December 2010

Interest unrealised, allocated by period of payment term

	Interest realised	<3 months	03 - 12 months		Total
			>12 months		
Other non-financial assets	87.7	-	-	-	87.7
	87.7	-	-	-	87.7

	Interest realised	<3 months	03 - 12 months		Total
			>12 months		
Other non-financial assets	1,318.8	-	-	-	1,318.8
	1,318.8	-	-	-	1,318.8

in the period from 1 January 2009 to 31 December 2009

Interest unrealised, allocated by period of
payment term

	Interest				PLN
	<u>realised</u>	<u><3 months</u>	<u>03 - 12 months</u>	<u>>12 months</u>	<u>Total</u>
Other non-financial					
assets	33.8	-	-	-	33.8
	33.8	-	-	-	33.8

	Interest				In Rs.
	<u>realised</u>	<u><3 months</u>	<u>03 - 12 months</u>	<u>>12 months</u>	<u>Total</u>
Other non-financial					
assets	508.3	-	-	-	508.3
	508.3	-	-	-	508.3

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(All amounts are stated in PLN thousand)

11. Corporate income tax

11. 1 Structure of corporate income tax

	01.01.2010 - 31.12.2010		01.01.2009 -31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Current tax	912.3	13,718.8	490.9	7,382.0
Change in deferred tax	(279.5)	(4,203.0)	(128.7)	(1,935.3)
	<u>632.8</u>	<u>9,515.8</u>	<u>362.2</u>	<u>5,446.6</u>

11. 2 Calculation of corporate income tax

	01.01.2010 - 31.12.2010		01.01.2009 -31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Profit before tax	1,443.6	21,708.3	254.6	3,828.6
Amounts increasing the tax base				
Rent of cars	111.8	1,681.2	120.0	1,804.5
Representation costs	208.2	3,130.8	15.8	237.6
Unrealised foreign exchange differences	-	-	2.2	33.1
PFRON	101.3	1,523.3	101.0	1,518.8
Catering services	1,011.2	15,206.0	481.8	7,245.1
Provision for compensation	-	-	855.1	12,858.6
Bad debt allowance	-	-	36.2	544.4
Car insurance	316.7	4,762.4	-	-
Provisions for services	1,858.3	27,944.4	593.5	8,924.8
Provisions for unused holidays	-	-	233.6	3,512.8
Provisions for bonuses	474.8	7,139.8	100.0	1,503.8
Other	76.7	1,153.4	38.5	578.9
	<u>4,159.0</u>	<u>62,541.4</u>	<u>2,577.7</u>	<u>38,762.4</u>

Amounts reducing the tax base				
Realised provision from previous year	571.1	8,588.0	-	
Realised provision for services	-		19.8	297.7
Realised provision for bonuses	100.0	1,503.8	145.2	2,183.5
ZUS from December paid in next year	-		82.6	1,242.1
Released provision for unused holidays	129.7	1,950.4	-	
	<u>800.8</u>	<u>12,042.1</u>	<u>247.6</u>	<u>3,723.3</u>
Tax base	4,801.8	72,207.5	2,584.7	38,867.7
Donations	-		(1.0)	(15.0)
Taxable profit	4,801.8	72,207.5	2,583.7	38,852.6
	<u>912.3</u>	<u>13,718.8</u>	<u>490.9</u>	<u>7,382.0</u>
Current tax				

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11. 3 *Deferred tax assets and liabilities*

	31.12.2010		31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Deductible temporary differences:				
Accrued but not paid interest on liabilities	-		12.0	180.5
Unrealised foreign exchange losses	-		36.2	544.4
Provisions	2,639.8	39,696.2	1,120.5	16,849.6
	2,639.8	39,696.2	1,168.7	17,574.4
Gross value of deferred tax asset	501.6	7,542.9	222.1	3,339.8
Net value of deferred tax asset	501.6	7,542.9	222.1	3,339.8
Deferred tax asset presented in the balance sheet	501.6	7,542.9	222.1	3,339.8
Net change of deferred tax asset / liability	279.5	4,203.0	128.8	1,936.8
Change in deferred tax recognised in the income stateme	279.5	4,203.0	128.8	1,936.8

12. Cash and cash equivalents structure for the cash flows statement

12. 1 *Change in short-term liabilities (excluding loans and bank credits)*

	01.01.2010-31.12.2010		01.01.2009-31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Change in short-term liabilities	(1,744.5)	(26,233.1)	1,301.6	19,572.9
	<u>(1,744.5)</u>	<u>(26,233.1)</u>	<u>1,301.6</u>	<u>19,572.9</u>

12. 2 *Purchase of intangible fixed assets and tangible fixed assets*

	01.01.2010-31.12.2010		01.01.2009-31.12.2009	
	PLN	In Rs.	PLN	In Rs.
Increase in intangible fixed assets	(55.3)	(831.6)	-21.5	(323.3)
Increase in tangible fixed assets	<u>(83.9)</u>	<u>(1,261.7)</u>	<u>-82.7</u>	<u>(1,243.6)</u>
	<u>(139.2)</u>	<u>(2,093.2)</u>	<u>104.2</u>	<u>(1,566.9)</u>

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(All amounts are stated in PLN thousand)

13. Related party transactions

13. 1 Balances outstanding as at balance sheet date

	Receivables	
	PLN	In Rs.
Ranbaxy Ireland	2,720.8	40,914.3
Ranbaxy India	426.8	6,418.0
Ranbaxy Europe	30.2	454.1
Basic GmbH Germany	6.4	96.2
	<u>3,184.2</u>	<u>47,882.7</u>

13. 2 Revenues from related party transactions for the year

		Sales revenue	
		PLN	In Rs.
Ranbaxy Irlandia	Ranbaxy Irlandia	27,329.3	410,966.9
Ranbaxy Indie	Ranbaxy Indie	495.0	7,443.6
Ranbaxy Europe	Ranbaxy Europe	259.8	3,906.8
Ranbaxy UK	Ranbaxy UK	31.8	478.2
		<u>28,115.9</u>	<u>422,795.5</u>

13. 3 Costs of related party transactions for the year

	Purchase of services	
	PLN	In Rs.
Ranbaxy Ireland	247.4	3,720.3
Ranbaxy UK	178.1	2,678.2
	<u>425.5</u>	<u>6,398.5</u>

14. Employment

Average level of employment during the year by group of employees:107

Employees on non-worker positions 107

15. Remuneration, loans and related benefits provided to members of the management and supervisory boards or administrative bodies

The remuneration of the members of the Management Board amounted to PLN 475.8 (In Rs.7,155) thousand [2009: PLN 440.5 (In Rs.6,624) thousand].

16. Information about the consolidated financial statements

Consolidated financial statements at the ultimate parent level, which includes the Company as a subsidiary are prepared by Daiichi Sankyo Limited seated in Tokyo.

Consolidated financial statements at the lowest level in the group, which includes the Company as a subsidiary and are included in the group mentioned above was prepared by Ranbaxy Laboratories Limited seated in New Delhi.

17. Contingent liabilities

Regulations regarding VAT, corporate profits tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose significant penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with interest. The above circumstances mean that tax exposure is significantly greater in Poland than in countries that have a more established taxation system,

Tax settlements may become subject to inspection by the tax authorities for a period of five years from the end of the calendar year in which tax payment was due. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

18. Financial instruments

18. 1 *Classification of financial instruments*

Portfolio	Description (quantity)	Terms and conditions Carrying affecting future value cash flows
Loans and receivables originated by the enterprise	Overnight deposit	4 432,2 (In Rs.66,650)0,86%
	Cash on hand and in bank	100,4 non-interest bearing

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18. 2 Interest rate risk

As at 31 December 2010, except from cash in bank, practically there were no instruments bearing interest rate risk and therefore the Company did not apply hedges. The Management Board considers the possible impact of interest rate risk on the financial statements as not significant.

18. 3 Credit risk

According to credit policy the Management Board monitors credit risk on an ongoing basis. No additional security is required by the Company from its clients in relation to financial assets.

As at the balance sheet date, there was no significant concentration of credit risk.

18. 4 Foreign exchange risk

The Company bears the currency fluctuations risk which has influence on the financial results and the cash flow. The risk is connected with the fact that part of revenues and costs of the Company is denominated in foreign currency.

The Company does not apply any hedges against the change in foreign exchange rates.

Sd/-

Debashis Dasgupta
Member of the Management Board

Sd/-

Maninder Singh
Member of the Management Board

Przemyslaw

Member of the Management Board

Dorota Kopecka

Person responsible for Financial Accounting

Warsaw, 4 February 2011

Note: Conversion rate used against Indian Rupees for the year 2010 and 2009 are:

- i) Items relating to Profit and Loss account at Average Rate: 1 Polish Zoloty = 0.0665**
- ii) Items relating to Balance Sheet at Closing rate : 1= Polish Zoloty= 0.0665**