

RANBAXY UNICHEM CO. LTD

3RD FLOOR, PHAYATHAI BUILDING, 31 PHAYATHAI ROAD, BANGKOK METROPOLISES, THAILAND

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

Your directors have pleasure in presenting the annual report for the year ended 31st December 2010.

Principal Activities

Progress till year 2010 is as follows.

Amount in THB MN

Particulars-THB Mn	2006	2007	2008	2009	2010
Operating Income	351.53	385.17	420.27	382.29	380.95
EBT	47.31	55.15	60.34	34.21	20.79
Taxes	13.72	16.77	18.36	10.80	9.40
PAT	33.59	38.38	41.98	23.41	11.40
Dividend Payout	7.5	7.5	7.5	7.5	7.5
Equity					
Share Capital	100.00	100.00	100.00	100.00	100.00
Appropriated to Legal Reserve	2.49	4.17	6.09	8.19	9.36
Accumulated Earnings	59.44	88.64	121.20	135.01	137.74
Total	161.93	192.81	227.29	243.20	247.10

IN INR

Particulars-THB Mn	2006	2007	2008	2009	2010
Operating Income	514.84	564.10	615.51	559.89	557.92
EBT	69.29	80.77	88.37	50.10	30.45
Taxes	20.09	24.56	26.89	15.82	13.77
PAT	49.19	56.21	61.48	34.29	16.70
Dividend Payout [In percentage]	7.50	7.50	7.50	7.50	7.50
Equity					
Share Capital	148.43	148.43	148.43	148.43	148.43
Appropriated to Legal Reserve	3.70	6.19	9.04	12.16	13.89
Accumulated Earnings	88.23	131.57	179.90	200.40	204.45
Total	240.36	286.20	337.38	360.99	366.78

Financial Results

The company has earned a net profit of Baht 20.79 Mn. Baht [IN INR 30.45] before Tax and Baht 11.40 Mn. [IN INR 16.70] profit after tax during the year 2010.

Your Directors have recommend that the company shall declare a dividend of 7.5% on the paid up share capital of the company to the shareholders whose name appears on the register of shares holders of the company as on 1st April 2011 subject to deduction of withholding tax as applicable.

Further recommended that an amount equal to 5% of the net earnings should be transferred to Legal Reserve as required by the laws of Thailand

Present Directors

The Directors who served during the year are:

1. Mr Sanjeev Dani
2. Mr. Bhupendra Singh
3. Mr. Ranjan Chakravarti
4. Mr. Rajeev Sharma
5. Mr. Ashwini Malhotra
6. Dr. Davinderpal Singh Narula
7. Dr. Narendra Malhotra
8. Mr. Sukhbir Singh Sethi
9. Mr. Harminder Singh

1. According to article 22 of the Articles of Association, Dr. Davinderpal Singh Narula, Dr. Narendra Malhotra and Mr. Sukhbir Singh Sethi retire by rotation, and are eligible for re-election as Directors.

Auditors

The company's Auditor's KPMG, Thailand has expressed their willingness to be reappointed Auditors for the year 2011.

By Order of the Board of Directors

Sd/-
(Bhupendra Singh)
Managing Director

Dated: 30th March 2011

Audit report of Certified Public Accountant

To the shareholders of Ranbaxy Unichem Co., Ltd.

I have audited the accompanying balance sheets of Ranbaxy Unichem Co., Ltd. as at 31 December 2010 and 2009, and the related statements of income and changes in equity for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Ranbaxy Unichem Co., Ltd. as at 31 December 2010 and 2009 and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

Sd/-
(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
9 February 2011

Ranbaxy Unichem Co., Ltd.**Balance sheets****As at 31 December 2010 and 2009**

Assets	<i>Note</i>	2010		2009	
		<i>(in Baht)</i>	<i>(in INR)</i>	<i>(in Baht)</i>	<i>(in INR)</i>
<i>Current assets</i>					
Cash and cash equivalents	5	50,619,435	75,136,463	39,724,258	58,964,313
Trade accounts receivable	4, 6	111,614,853	165,674,414	107,260,258	159,210,714
Inventories	7	67,537,358	100,248,416	74,087,111	109,970,478
Other current assets	4	9,947,834	14,765,970	51,267,328	76,098,156
Total current assets		239,719,480	355,825,263	272,338,955	404,243,662
<i>Non-current assets</i>					
Equipment	8	2,006,351	2,978,107	1,963,326	2,914,244
Intangible assets	9	94,833,327	140,764,921	949,996	1,410,117
Other non-current assets		860,720	1,277,601	860,720	1,277,601
Total non-current assets		97,700,398	145,020,629	3,774,042	5,601,962
Total assets		337,419,878	500,845,893	276,112,997	409,845,624

The accompanying notes are an integral part of these financial statements.

Ranbaxy Unichem Co., Ltd.**Balance sheets****As at 31 December 2010 and 2009**

Liabilities and equity	<i>Note</i>	2010		2009	
		<i>(in Baht)</i>	<i>(in INR)</i>	<i>(in Baht)</i>	<i>(in INR)</i>
<i>Current liabilities</i>					
Trade accounts payable		8,325,224	12,357,465	7,875,618	11,690,096
Accounts payable to related party	4	51,905,757	77,045,802	1,696,815	2,518,651
Income tax payable		3,767,460	5,592,192	3,735,176	5,544,272
Accrued sale incentive expenses		7,611,476	11,298,020	6,529,701	9,692,298
Other current liabilities	10	18,661,022	27,699,305	13,024,945	19,333,450
Total current liabilities		90,270,939	133,992,785	32,862,255	48,778,767
<i>Non-current liabilities</i>					
Other non-current liabilities		50,000	74,217	50,000	74,217
Total non-current liabilities		50,000	74,217	50,000	74,217
Total liabilities		90,320,939	134,067,002	32,912,255	48,852,984
<i>Equity</i>					
Share capital					
Authorised share capital	11	100,000,000	148,434,021	100,000,000	148,434,021
Issued and paid-up share capital	11	100,000,000	148,434,021	100,000,000	148,434,021
Retained earnings					
Appropriated to legal reserve	12	9,360,213	13,893,741	8,189,676	12,156,265
Unappropriated		137,738,726	204,451,130	135,011,066	200,402,354
Total equity		247,098,939	366,778,891	243,200,742	360,992,641
Total liabilities and equity		337,419,878	500,845,893	276,112,997	409,845,624

The accompanying notes are an integral part of these financial statements.

Ranbaxy Unichem Co., Ltd.**Statements of income****For the years ended 31 December 2010 and 2009**

	<i>Note</i>	2010		2009	
		<i>(in Baht)</i>	<i>(in INR)</i>	<i>(in Baht)</i>	<i>(in INR)</i>
Income					
Revenue from sale of goods	4	379,779,880	556,209,549	380,754,398	557,636,787
Other income		1,167,196	1,709,426	1,537,193	2,251,308
Total income		380,947,076	557,918,975	382,291,591	559,888,095
Expenses					
Cost of sale of goods	4, 16	233,341,881	341,742,649	234,659,978	343,673,079
Selling expenses	13, 15	57,692,347	84,493,771	54,769,594	80,213,231
Administrative expenses	14, 15	69,118,346	101,227,806	58,636,390	85,876,377
Total expenses		360,152,574	527,464,227	348,065,962	509,762,686
Profit before finance cost and income tax expense		20,794,502	30,454,748	34,225,629	50,125,409
Finance cost		(509)	(745)	(14,320)	(20,972)
Profit before income tax expense		20,793,993	30,454,003	34,211,309	50,104,436
Income tax expense		(9,395,796)	(13,760,685)	(10,800,572)	(15,818,061)
Profit for the year		11,398,197	16,693,317	23,410,737	34,286,375
Basic earnings per share	17	11.40	16.69	23.41	34.29

Note : Conversion rate used for conversion of Thai Bhat to Indian Rupee for the year 2010 & 2009 are :

i) Items relating to Profit and Loss account at average rate: 1 Thai Bhat = 0.6828

ii) Items relating to Balance Sheet at Closing rate : 1 Thai Bhat = 0.6737

February 9, 2011

Sd/-

(Bhupendra Singh)

Managing Director

Ranbaxy Unichem Co., Ltd.
Statements of changes in equity
For the years ended 31 December 2010 and 2009

	Note	Issued and paid-up share capital	Retained earnings		Total equity
			Legal reserve	Unappropriated	
			<i>(in Baht)</i>		
Balance at 1 January 2009		100,000,000	6,090,845	121,199,160	227,290,005
Profit for the year		-	-	23,410,737	23,410,737
Dividends	18	-	-	(7,500,000)	(7,500,000)
Legal reserve	12	-	2,098,831	(2,098,831)	-
Balance at 31 December 2009		100,000,000	8,189,676	135,011,066	243,200,742
Profit for the year		-	-	11,398,197	11,398,197
Dividends	18	-	-	(7,500,000)	(7,500,000)
Legal reserve	12	-	1,170,537	(1,170,537)	-
Balance at 31 December 2010		100,000,000	9,360,213	137,738,726	247,098,939

	Note	Issued and paid-up share capital	Retained earnings		Total equity
			Legal reserve	Unappropriated	
			<i>(in INR)</i>		
Balance at 1 January 2009		148,434,021	9,040,886	179,900,787	337,375,694
Profit for the year		-	-	34,749,498	34,749,498
Dividends	18	-	-	(11,132,552)	(11,132,552)
Legal reserve	12	-	3,115,379	(3,115,379)	-
Balance at 31 December 2009		148,434,021	12,156,265	200,402,354	360,992,641
Profit for the year		-	-	16,918,802	16,918,802
Dividends	18	-	-	(11,132,552)	(11,132,552)
Legal reserve	12	-	1,737,476	(1,737,475)	-
Balance at 31 December 2010		148,434,021	13,893,741	204,451,130	366,778,891

Note : Conversion rate used for conversion of Thai Bhat to Indian Rupee for the year 2010 & 2009 are :

i) Items relating to Profit and Loss account at average rate: 1 Thai Bhat = 0.6828

ii) Items relating to Balance Sheet at Clsiong rate : 1 Thai Bhat = 0.6737

February 9, 2011

Sd/-
(Bhupendra Singh)
Managing Director

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 9 February 2011.

1 General information

Ranbaxy Unichem Co., Ltd., “the Company”, is incorporated in Thailand and has its registered office at No. 31 Phayathai Building, 3rd Floor, Room 313-8, Phayathai Road, Rajathevi, Bangkok Thailand.

The immediate and ultimate parent companies during the financial year were Ranbaxy Laboratories Limited, which was incorporated in India, and Daiichi Sankyo Co., Ltd., which was incorporated in Japan.

The principal businesses of the Company are marketing and selling pharmaceutical products.

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

The Company has taken advantage of exemptions available under announcement made by the FAP on 20 July 2007 and has not adopted the following TAS:

TAS 7 (revised 2007)	Cash Flow Statements
TAS 14	Segment Reporting
TAS 24	Related Party Disclosures
TAS 107	Financial Instruments: Disclosure and Presentation (formerly TAS 48)

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Company has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the Company’s financial statements.

During 2010, the FAP has issued a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 21. On 24 December 2010, the FAP issued announcement number 62/2553 concerning the preparation of the financial statements of non-publicly accountable entities (NPAEs). The FAP allows NPAEs to continue to use TFRS effective for the period ended 31 December 2010 for preparing financial statements for periods beginning on or after 1 January 2011 until the FAP announces accounting standards for NPAEs.

The Company is a non-publicly accountable entity under the definition of the said announcement. Accordingly, as the FAP has not yet announced accounting standards for NPAEs as at the reporting date, the Company has not adopted the new and revised TFRS disclosed in note 21 in the preparation of these financial statements.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

3 Significant accounting policies

(a) Foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(b) Trade and other account receivables

Trade and other account receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incur.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the first in, first out principle and comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, 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 costs to complete and to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

(d) Equipment

Owned assets

Equipment are stated at cost less accumulated depreciation, and impairment loss.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of equipment. The estimated useful lives are as follows:

Leasehold improvement	5 Years
Furniture and office equipment	5 Years
Computers	3-5 Years
Vehicles	5 Years

(e) Intangible assets

Intangible assets comprise rights to trademark and chemical formulae which are stated at cost less accumulated amortisation.

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the period of 10 years.

(f) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(g) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic

benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest and other income

Interest and other income are recognised in the statement of income as they accrue.

(j) Expenses

Lease payments

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

(k) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(l) Capital Management

The Company's objective in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders' and benefit for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue of new ordinary shares, or selling of assets to reduce debts.

4 Related party transactions and balances

The information disclosed under this note does not represent the adoption of TAS 24: *Related Party Disclosures*.

Related parties are those parties linked to the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	2010 (in thousand Baht)	2009
Revenue from sale of goods	2,237	2,570
Purchase of raw materials and finished goods	134,750	149,674
Selling and administrative expenses	4,749	6,421

	2010 (in thousand INR)	2009
Revenue from sale of goods	3,276	3,764
Purchase of raw materials and finished goods	197,349	219,206
Selling and administrative expenses	6,955	9,404

Balance as at 31 December 2010 and 2009 with related parties were as follows:

Trade accounts receivable

	2010 (in thousand Baht)	2009
Ranbaxy Laboratories Limited	914	809
Total	914	809

	2010 (in thousand INR)	2009
Ranbaxy Laboratories Limited	1,357	1,201
Total	1,357	1,201

Other current assets

	2010 (in thousand Baht)	2009
Advance for purchase - Ranbaxy Laboratories Limited	7,484	49,645
Total	7,484	49,645

	2010 (in thousand INR)	2009
Advance for purchase - Ranbaxy Laboratories Limited	11,109	73,690
Total	11,109	73,690

Other current liabilities

	2010 (in thousand Baht)	2009
Ranbaxy Laboratories Limited	51,906	1,697
Total	51,906	1,697

	2010 (in thousand INR)	2009
Ranbaxy Laboratories Limited	77,046	2,519
Total	77,046	2,519

Significant agreements with related party

Technical assistance agreement

A technical assistance agreement with Ranbaxy Laboratories Limited covering formulae, know-how with regard to quality control, training of technical and sales staff and others. Technical service fee is based on a certain percentage of net sales of products sold as indicated in the agreement.

Trademark license agreement

A trademark license agreement with Ranbaxy Laboratories Limited to provide the right to use and exploit various Ranbaxy's trademarks in Thailand. Trademark fee is based on a certain percentage of net sales of licensed products as indicated in the agreement.

Trademark license agreement

A trademark license agreement with Ranbaxy Laboratories Limited to provide the right to market, manufacture, and sell relating to RANCLAV brand in Thailand. Trademark fee is a certain amount as indicated in the agreement.

Management agreement

A management agreement with Ranbaxy Laboratories Limited covering management, quality control, information and others. Management fee is based on a certain percentage of net sales of products sold as indicated in the agreement.

5 Cash and cash equivalents

	2010 <i>(in thousand Baht)</i>	2009 <i>(in thousand Baht)</i>
Cash on hand	20	20
Cash at banks	50,599	39,704
Total	50,619	39,724

	2010 <i>(in thousand INR)</i>	2009 <i>(in thousand INR)</i>
Cash on hand	30	30
Cash at banks	75,106	58,934
Total	75,136	58,964

6 Trade accounts receivable

	<i>Note</i>	2010 <i>(in thousand Baht)</i>	2009 <i>(in thousand Baht)</i>
Related parties	4	914	809
Other parties		110,701	106,451
Total		111,615	107,260

	<i>Note</i>	2010 <i>(in thousand INR)</i>	2009 <i>(in thousand INR)</i>
Related parties	4	1,357	1,201
Other parties		164,318	158,009
Total		165,675	159,210

7 Inventories

2010	2009
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	<i>(in thousand Baht)</i>	
Finished goods	44,466	56,340
Work in progress	1,570	2,019
Raw materials and packing materials	9,246	7,436
Goods in transit	12,841	8,999
	68,123	74,794
<i>Less allowance for decline in value</i>	<i>(586)</i>	<i>(707)</i>
Net	67,537	74,087

	2010	2009
	<i>(in thousand INR)</i>	
Finished goods	66,003	83,628
Work in progress	2,330	2,997
Raw materials and packing materials	13,724	11,038
Goods in transit	19,060	13,358
	101,118	111,020
<i>Less allowance for decline in value</i>	<i>(870)</i>	<i>(1,049)</i>
Net	100,248	109,970

The cost of inventories which is recognised as an expense and included in “cost of sale of goods” for the year ended 31 December 2010 amounted to Baht 233.3 million [INR 346.3 million](2009: Baht 234.7 million [INR 348.4]).

8 Equipment

	Leasehold improvement	Furniture and office equipment	Computers <i>(in thousand Baht)</i>	Vehicles	Capital work in process	Total
Cost						
At 1 January 2009	876	2,230	8,256	1,380	-	12,742
Additions	-	29	1,312	-	-	1,341
Disposals	(670)	-	(820)	-	-	(1,490)
At 31 December 2009 and 1 January 2010	206	2,259	8,748	1,380	-	12,593
Additions	-	190	981	-	126	1,297
Disposals	-	(319)	(2,814)	-	-	(3,133)
At 31 December 2010	206	2,130	6,915	1,380	126	10,757
Depreciation						
At 1 January 2009	742	1,751	7,143	1,380	-	11,016
Depreciation charge for the year	41	213	849	-	-	1,103
Disposals	(670)	-	(819)	-	-	(1,489)
At 31 December 2009 and 1 January 2010	113	1,964	7,173	1,380	-	10,630
Depreciation charge for the year	41	202	992	-	-	1,235
Disposals	-	(311)	(2,803)	-	-	(3,114)
At 31 December 2010	154	1,855	5,362	1,380	-	8,751
Net book value						
Owned assets						
At 1 January 2009	134	479	1,113	-	-	1,726
At 31 December 2009 and 1 January 2010	93	295	1,575	-	-	1,963
At 31 December 2010	52	275	1,553	-	126	2,006

	Leasehold improvement	Furniture and office equipment	Computers <i>(in thousand INR)</i>	Vehicles	Capital work in process	Total
Cost						
At 1 January 2009	1,300	3,310	12,255	2,048	0	18,913
Additions	0	43	1,947	0	0	1,991
Disposals	(995)	0	(1,217)	0	0	(2,212)
At 31 December 2009 and 1 January 2010	306	3,353	12,985	2,048	0	18,692
Additions	0	282	1,456	0	187	1,925

Disposals	0	(474)	(4,177)	0	0	(4,650)
At 31 December 2010	306	3,162	10,264	2,048	187	15,967
	0	0	0	0	0	0
<i>Depreciation</i>	0	0	0	0	0	0
At 1 January 2009	1,101	2,599	10,603	2,048	0	16,351
Depreciation charge for the year	61	316	1,260	0	0	1,637
Disposals	(995)	0	(1,216)	0	0	(2,210)
At 31 December 2009 and 1 January 2010	168	2,915	10,647	2,048	0	15,779
Depreciation charge for the year	61	300	1,472	0	0	1,833
Disposals	0	(462)	(4,161)	0	0	(4,622)
At 31 December 2010	229	2,753	7,959	2,048	0	12,989
<i>Net book value</i>						
Owned assets						
At 1 January 2009	199	711	1,652			2,562
At 31 December 2009 and 1 January 2010	138	438	2,338			2,914
At 31 December 2010	77	408	2,305		187	2,978

The gross carrying amount of the Company's fully depreciated equipment that was still in use as at 31 December 2010 amounted to Baht 6.8 million [INR 10.1 million](2009: Baht 8.4 million[INR 12.5 million]).

9 Intangible assets

	Trademark and chemical formulae <i>(in thousand Baht)</i>	Trademark and chemical formulae <i>(in thousand INR)</i>
<i>Cost</i>		
At 1 January 2009	8,550	12,691
Additions	-	0
At 31 December 2009 and 1 January 2010	8,550	12,691
Additions	100,000	148,434
At 31 December 2010	108,550	161,125
		0
<i>Amortisation</i>		
At 1 January 2009	6,650	9,871
Amortisation charge for the year	950	1,410
At 31 December 2009 and 1 January 2010	7,600	11,281
Amortisation charge for the year	6,117	9,080
At 31 December 2010	13,717	20,361
		0
<i>Net book value</i>		
At 1 January 2009	1,900	2,820
At 31 December 2009 and 1 January 2010	950	1,410
At 31 December 2010	94,833	140,764

10 Other current liabilities

	2010 <i>(in thousand Baht)</i>	2009
Payable to the Revenue Department	1,127	1,308
Accrued withholding tax	771	905
Accrued traveling expenses	1,824	1,414
Accrued commission expenses	1,099	1,114
Accrued bonus	2,301	2,941
Others	11,539	5,342
Total	18,661	13,024
	2010 <i>(in thousand INR)</i>	2009
Payable to the Revenue Department	1,673	1,942
Accrued withholding tax	1,144	1,343
Accrued traveling expenses	2,707	2,099
Accrued commission expenses	1,631	1,654
Accrued bonus	3,415	4,365
Others	17,128	7,929
Total	27,699	19,332

11 Share capital

	<i>Par value per share (in Baht)</i>	2010		2009	
		Number	Baht <i>(thousand share/ thousand Baht)</i>	Number	Baht
Authorised					
At 1 January					
- ordinary shares	100	<u>1,000</u>	<u>100,000</u>	<u>1,000</u>	<u>100,000</u>
At 31 December					
- ordinary shares	100	<u>1,000</u>	<u>100,000</u>	<u>1,000</u>	<u>100,000</u>
Issued and fully paid up					
At 1 January					
- ordinary shares	100	<u>1,000</u>	<u>100,000</u>	<u>1,000</u>	<u>100,000</u>
At 31 December					
- ordinary shares	100	<u>1,000</u>	<u>100,000</u>	<u>1,000</u>	<u>100,000</u>

	<i>Par value per share (in Baht)</i>	2010		2009	
		Number	Baht <i>(thousand share/ thousand INR)</i>	Number	Baht
Authorised					
At 1 January					
- ordinary shares	148	<u>1,000</u>	<u>148,434</u>	<u>1000</u>	<u>148,434</u>
At 31 December					
- ordinary shares	148	<u>1,000</u>	<u>148,434</u>	<u>1000</u>	<u>148,434</u>
Issued and fully paid up					
At 1 January					
- ordinary shares	148	<u>1,000</u>	<u>148,434</u>	<u>1000</u>	<u>148,434</u>
At 31 December					
- ordinary shares	148	<u>1,000</u>	<u>148,434</u>	<u>1000</u>	<u>148,434</u>

12 Legal reserve

Legal reserve is set up under the provisions of Civil and Commercial Code, which requires that a company shall allocate not less than 5% of its net profit to a reserve account (“legal reserve”) upon each dividend distribution, until the balance reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

13 Selling expenses

	2010	2009
	<i>(in thousand Baht)</i>	
Personnel-Incentive	33,896	32,307
Sales promotion	12,462	11,068
Travelling	8,750	9,212
Others	2,584	2,183
Total	<u>57,692</u>	<u>54,770</u>

	2010	2009
	<i>(in thousand INR)</i>	
Personnel-Incentive	49,643	47,315
Sales promotion	18,251	16,210
Travelling	12,815	13,492
Others	3,784	3,197
Total	<u>84,493</u>	<u>80,214</u>

14 Administrative expenses

2010 2009

	<i>(in thousand Baht)</i>	
Personnel	38,083	38,354
Regulatory Expenses	6,208	4,554
Travelling	273	85
Depreciation and amortisation	7,353	2,053
Royalty	4,749	6,421
Rental expenses	1,595	1,595
Others	10,857	5,574
Total	69,118	58,636

	2010	2009
	<i>(in thousand INR)</i>	
Personnel	55,775	56,172
Regulatory Expenses	9,092	6,670
Travelling	400	124
Depreciation and amortisation	10,769	3,007
Royalty	6,955	9,404
Rental expenses	2,336	2,336
Others	15,901	8,163
Total	101,227	85,876

15 Employee benefit expenses

	2010	2009
	<i>(in thousand Baht)</i>	
Wages and salaries	28,924	27,799
Contribution to defined benefit plans	1,397	1,325
Others	41,658	41,537
Total	71,979	70,661

	2010	2009
	<i>(in thousand INR)</i>	
Wages and salaries	42,361	40,713
Contribution to defined benefit plans	2,046	1,941
Others	61,011	60,833
Total	105,417	103,487

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Company at rates 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entity and are managed by a licensed Fund Manager.

16 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2010	2009
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Raw materials and consumables used	38,135	39,209
Changes in inventories of finished goods and work in process	(8,681)	(5,964)
<i>Included in selling expenses:</i>		
Employee benefit expenses	33,896	32,307
<i>Included in administrative expenses:</i>		
Employee benefit expenses	38,083	38,354
Depreciation and amortisation	7,353	2,053
Rental expenses	1,595	1,595
	2010	2009
	<i>(in thousand INR)</i>	
<i>Included in cost of sales of goods:</i>		
Raw materials and consumables used	55,851	57,424
Changes in inventories of finished goods and work in process	(12,714)	(8,735)
<i>Included in selling expenses:</i>		
Employee benefit expenses	49,643	47,315
<i>Included in administrative expenses:</i>		
Employee benefit expenses	55,775	56,172
Depreciation and amortisation	10,769	3,007
Rental expenses	2,336	2,336

17 Basic earnings per share

The calculation of basic earning per share for the years ended 31 December 2010 and 2009 were based on the profit attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	2010	2009
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to equity holders of the Company (basic)	<u>11,398</u>	<u>23,411</u>
Number of ordinary shares outstanding	<u>1,000</u>	<u>1,000</u>
Basic earnings per share (in Baht)	<u>11.40</u>	<u>23.41</u>
	2010	2009
	<i>(in thousand INR / thousand shares)</i>	
Profit attributable to equity holders of the Company (basic)	<u>16,693</u>	<u>34,287</u>
Number of ordinary shares outstanding	<u> </u>	<u> </u>

Basic earnings per share (*in INR*)

	34.29
16.70	

18 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2010, the shareholders approved the appropriation of profit for the year 2009 for dividend of Baht 7.5 [INR 11.0] per share, amounting to Baht 7.5 million [INR 11.0 million]. The dividend was paid to shareholders during 2010.

At the annual general meeting of the shareholders of the Company held on 24 April 2009, the shareholders approved the appropriation of profit for the year 2008 for dividend of Baht 7.5 [INR 11.0] per share, amounting to Baht 7.5 million [INR 11.0 million]. The dividend was paid to shareholders during 2009.

19 Commitments with non-related parties

	2010	2009
	<i>(in thousand Baht)</i>	
<i>Operating lease commitments</i>		
Within one year	1,715	1,595
After one year but within five years	1,834	3,549
Total	3,549	5,144

	2010	2009
	<i>(in thousand INR)</i>	
<i>Operating lease commitments</i>		
Within one year	2,546	2,368
After one year but within five years	2,722	5,268
Total	5,268	7,635

A lease agreement covering office premises and related services renewable for a period of three years until it is terminated by either party. Annual rental and service fees are approximately Baht 1.59 million [INR 2.33 million]. Under the term of the agreement, the Company made rental deposits approximately Baht 0.39 million [INR 0.57 million] to the lessor, which is presented as part of other non-current assets in the balance sheet.

20 Agreement

A distribution agreement with Diethelm Keller Logistic Ltd. providing sales and logistics of the Company's products. Distribution fee is based on certain percentage of net sales of products ranging between 5.3% - 5.7%.

21 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income tax	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011

TAS 24 (revised 2009)	Related Party Disclosures		2011
			Year effective
	TFRS	Topic	2011
TAS 33 (revised 2009)	Earnings per Share		2011
TAS 34 (revised 2009)	Interim Financial Reporting		2011
TAS 36 (revised 2009)	Impairment of Assets		2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets		2011
TAS 38 (revised 2009)	Intangible Assets		2011
TAS 40 (revised 2009)	Investment Property		2011
TFRS 2	Share-based Payment		2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations		2011

As described in note 2 to the financial statements, the Company is a non-publicly accountable entity under the definition given in the FAP's announcement number 62/2553 concerning the preparation of the financial statements of non-publicly accountable entities (NPAEs). The Company has made the decision to comply with accounting standards for NPAEs as soon as such standards are announced by the FAP and become effective. Until such time, and as allowed by the FAP, the Company will continue to adopt current TFRS effective for 2010 and has not considered the potential impact of adopting and initial application of the new and revised TFRS noted above.

22 Reclassification of accounts

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

	2009		
	Before reclass.	Reclass. <i>(in thousand Baht)</i>	After reclass.
<i>Balance sheet</i>			
Other current liabilities	14,722	(1,697)	13,025
Amount payable to related parties	-	<u>1,697</u>	1,697
		<u>-</u>	
<i>Statement of income</i>			
Selling expenses	61,269	(6,499)	54,770
Administrative expenses	52,137	<u>6,499</u>	58,636
		<u>-</u>	

	2009		
	Before reclass.	Reclass. <i>(in thousand INr)</i>	After reclass.
<i>Balance sheet</i>			
Other current liabilities	21,852	(2,519)	19,334
Amount payable to related parties		<u>2,519</u>	2,519
		<u>-</u>	
<i>Statement of income</i>			

Selling expenses	89,732	(9,518)	80,214
Administrative expenses	76,358	<u>9,518</u>	85,876
		<u>(2,519)</u>	
		-	

The reclassifications in the balance sheet have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.

Conversion rate against Indian Rupee for the year 2010 & 2009 are as under:

- i) Items relating to Profit and Loss account at average rate: 1 TBT = 0.6828**
- ii) Items relating to Balance Sheet at Closing Rate : 1 TBT = 0.6737**