Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
(Incorporated in Malaysia)

Financial statements for the period from 1 January 2013 to 31 March 2014

Independent auditors' report to the members of
Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ranbaxy (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 39.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 89186-K

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2014, and of its financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporitng Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Mok Wan Kong
Approval Number: 2877/12/14(J)
Chartered Accountant

Date: 20 May 2014

Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
(Incorporated in Malaysia)

Directors' report for the period ended 31 March 2014

The Directors hereby submit their report and the audited financial statements of the Company for the period ended from 1 January 2013 to 31 March 2014.

Principal activities

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

Change of financial year end

During the financial period, the Company changed its financial year end from 31 December to 31 March to conform to group financial year end.

Results

	RM'000
Loss for the period	22,906
	INR'000
Loss for the period	426,555

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial period under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a first and final tax exempt dividend of 10 sen per ordinary share of RM1.00 each totalling RM800,000 (INR 14,869,888) in respect of the financial year ended 31 December 2012 on 27 June 2013.

The Directors do not recommend any other dividend to be paid for the financial period.

Directors of the Company

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

Santha Bhaskara Menon
Dato' Abdullah bin Mohd Yusof
Jeyabalan A/L V. Thangarajah
Ashwani Kumar Malhotra
Rajiv Gulati
Indrajit Banerjee
Alok Shubkar Kapoor (appointed on 31 October 2013)
Rajeev Sharma (resigned with effect from 10 April 2014)

Directors' interests

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

	Number of ordinary shares of RM1 each			
	At 1.1.2013	**Bought**	**(Sold)**	**At 31.3.2014**
Interest in the holding company				
Santha Bhaskara Menon				
-own	1,046	-	-	1,046

None of the other Directors holding office at 31 March 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial period.

Directors' benefits

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

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

Issue of shares and debentures

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

There were no debentures issued during the financial period.

Options granted over unissued shares and debentures

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

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Company's financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Company misleading.

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

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

Other statutory information (continued)

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

In the opinion of the Directors, the financial performance of the Company for the financial period ended 31 March 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events subsequent to reporting date

The significant event subsequent to reporting date is as disclosed in Note 21 to the financial statements.

Auditors

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

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

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Dato' Abdullah bin Mohd Yusof

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Jeyabalan A/L V. Thangarajah

Date: 20 May 2014

Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
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Statement of financial position as at 31 March 2014

	Note	31.03.2014 RM'000	31.12.2012 RM'000
Asset			
Property, plant and equipment	3	38,094	33,872
Total non-current asset		38,094	33,872
Inventories	4	30,671	27,585
Trade and other receivables	5	43,974	59,014
Tax recoverable		703	372
Cash and bank balances		411	127
Total current assets		75,759	87,098
Total assets		113,853	120,970
Equity			
Share capital	6	8,000	8,000
Share premium		300	300
Retained earnings	7	48,795	72,501
Total equity		57,095	80,801
Liability			
Deferred tax liabilities	8	-	1,311
Total non-current liability		-	1,311
Bank borrowings	9	26,142	13,175
Provisions	10	659	145
Trade and other payables	11	29,957	25,538
Total current liabilities		56,758	38,858
Total liabilities		56,758	40,169
Total equity and liabilities		113,853	120,970

	Note	31.03.2014 INR'000	31.03.2012 INR'000
Asset			
Property, plant and equipment	3	695,146	605,939
Total non-current asset		695,146	605,939
Inventories	4	559,682	493,470
Trade and other receivables	5	802,447	1,055,707
Tax recoverable		12,831	6,655
Cash and bank balances		7,498	2,272
Total current assets		1,382,458	1,558,104
Total assets		2,077,604	2,164,043
Share capital	6	145,985	143,113
Share premium		5,474	5,367
Retained earnings	7	890,426	1,296,977
		1,041,886	1,445,456
Liability			
Deferred tax liabilities	8	-	23,453

	Note		
Total non-current liability		-	23,453
Bank borrowings	9	477,043	235,689
Provisions	10	12,020	2,594
Trade and other payables	11	546,654	456,852
Total current liabilities		1,035,718	695,134
Total liabilities		1,035,718	718,587
Total equity and liabilities		2,077,604	2,164,043

The notes on pages 9 to 39 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.
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Statement of profit or loss and other comprehensive income for the period from 1 January 2013 to 31 March 2014

	Note	1.1.2013 to 31.03.2014 RM'000	1.1.2012 to 31.12.2012 RM'000
Revenue		76,378	92,991
Cost of sales		(71,870)	(61,640)
Gross profit		4,508	31,351
Other operating income		2,177	362
Distribution costs		(17,283)	(13,983)
Administrative expenses		(8,150)	(7,945)
Other operating expenses		(3,767)	(72)
Result from operating activities		(22,515)	9,713
Finance costs		(2,124)	(1,138)
(Loss)/Profit before tax	12	(24,639)	8,575
Tax credit/(expense)	14	1,733	(1,755)
(Loss)/Profit and total comprehensive (expense)/income for the period/year		(22,906)	6,820

	Note	2014 INR '000	2012 INR '000
Revenue		1,422,308	1,608,841
Cost of sales		(1,338,360)	(1,066,436)
Gross profit		83,948	542,405
Other operating income		40,540	6,263
Distribution costs		(321,839)	(241,920)
Administrative expenses		(151,768)	(137,457)
Other operating expenses		(70,156)	(1,246)
Result from operating activities		(419,276)	168,045
Finance costs		(39,547)	(19,689)
Profit before tax	12	(458,823)	148,356
Tax expense	14	32,277	(30,363)
Profit for the year/Total comprehensive income for the year		(426,555)	117,993

The notes on pages 9 to 39 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.
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Statement of changes in equity for the period from 1 January 2013 to 31 March 2014

	Note	*Non distributable* Share capital RM'000	Share premium RM'000	*Distributable* Retained earnings RM'000	Total RM'000
At 1 January 2012		8,000	300	66,481	74,781
Profit and total comprehensive income for the year		-	-	6,820	6,820
Dividends	15	-	-	(800)	(800)
At 31 December 2012/ 1 January 2013		8,000	300	72,501	80,801
Loss and total comprehensive expense for the period		-	-	(22,906)	(22,906)
Dividends	15	-	-	(800)	(800)
At 31 March 2014		8,000	300	48,795	57,095
		Note 6		Note 7	

	Note	Share capital INR '000	Share premium INR '000	Retained earnings INR '000	Total INR '000
At 1 January 2012		134,003	5,025	1,113,585	1,252,613
Profit for the year/ Total comprehensive income for the year				117,993	117,993
Dividends	15			(13,841)	(13,841)
Translation of Exchange Rates		9,109	342	79,240	88,691
At 31 December 2012/ 1-Jan-13		143,113	5,367	1,296,977	1,445,456
1-Jan-13					
Profit for the year/ Total comprehensive income for the year				(426,555)	(426,555)
Dividends	15			(14,898)	(14,898)
Translation of Exchange Rates		2,873	108	34,895	37,876
At 31 March 2014		145,985	5,474	890,419	1,041,879

The notes on pages 9 to 39 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.
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Statement of cash flows for the period from 1 January 2013 to 31 March 2014

	1.1.2013 to 31.03.2014 RM'000	1.1.2012 to 31.12.2012 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(24,639)	8,575
Adjustments for:		
Depreciation of property, plant and equipment	3,918	2,376
Impairment loss on trade receivables	508	70
Interest expense	2,124	1,138
Loss/(Gain) on disposal of property, plant and equipment	18	(27)
Property, plant and equipment written off	18	1
Unrealised loss/(gain) on foreign exchange	830	(285)
Operating (loss)/profit before changes in working capital	(17,223)	11,848
Change in inventories	(3,693)	3,365
Change in trade and other receivables	15,404	(4,074)
Change in trade and other payables	2,717	1,579
Change in provisions	514	70
Cash (used in)/generated from` operations	(2,281)	12,788
Taxes paid	90	(1,667)
Interest paid	(2,124)	(1,138)
Net cash (used in)/generated from operating activities	(4,315)	9,983
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,574)	(11,156)
Proceeds from disposal of property, plant and equipment	6	27
Net cash used in investing activities	(7,568)	(11,129)
Cash flows from financing activities		
Dividends paid	(800)	(800)
Drawdown of bank borrowings	12,967	1,607
Net cash generated from financing activities	12,167	807
Net increase/(decrease) in cash and bank balances	284	(339)
Cash and bank balances at 1 January	127	466
Cash and bank balances at 31 March/December	411	127

	2014 INR '000	2012 INR '000
Cash flows from operating activities		
Profit before tax	(458,827)	148,356
Adjustments for:		
Allowance for doubtful debts	9,464	1,211
Depreciation of property, plant and equipment	72,968	41,107
Impairment loss/(Reversal of impairment loss) on property, plant and equipment	-	-

Interest expense	39,547	19,689
(Gain)/Loss on disposal of property, plant and equipment	335	(467)
Property, plant and equipment written off	335	17
Unrealised loss/(gain) on foreign exchange	15,464	(4,931)
Forex on translation	(79)	331
Operating (loss)/profit before changes in working capital	(320,793)	205,314
Change in inventories	(68,771)	58,218
Change in trade and other receivables	286,846	(70,484)
Change in trade and other payables	50,596	27,318
Change in provisions	9,571	1,211
Cash generated (used in)/from operations	(42,551)	221,577
Taxes refund/(paid)	1,676	(28,841)
Interest paid	(39,547)	(19,689)
Net cash generated from/(used in) operating activities	(80,421)	173,048
Cash flows from investing activities		
Purchase of property, plant and equipment	(141,043)	(193,010)
Proceeds from disposal of property, plant and equipment	116	467
Net cash used in investing activities	(140,927)	(192,543)
Cash flows from financing activities		
Dividends paid	(14,898)	(13,841)
Drawndown of bank borrowings	241,476	27,803
Repayment of bank borrowings	-	-
Net cash (used in)/generated from financing activities	226,578	13,962
Net increase/(decrease) in cash and bank balances	5,230	(5,534)
Cash and bank balances at 1 January	2,272	7,806
Cash and bank balances at 31 December	7,502	2,272

The notes on pages 9 to 39 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
(Incorporated in Malaysia)

Notes to the financial statements

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

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors on 20 May 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities.*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities : Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011) : Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payments (Annual Improvements 2010- 2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contribution*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments-Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- From the annual period beginning on 1 April 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for MFRS 10, 12, 127 and IC Interpretation 21 which are not applicable to the Company.

- From the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for MFRS 1, 2, 3, 8, 119, 138 and 140 which are not applicable to the Company.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the company except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instrument: *Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 9.

(b) Basis of measurement

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

1. Basis of preparation (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements, unless otherwise stated.

(a) Foreign currency

Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

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

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

Leasehold land	Amortised over the lease term of 60 years
Factory building	Amortised over the lease term of 60 years
Office equipment and renovations	3 – 10 years
Furniture and fittings	10 years
Motor vehicles	6.7 years
Plant and machinery	10 years
Spare parts, stand-by equipment and servicing equipment.	4 years

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

(c) Leased assets

Operating lease

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

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(d) Inventories

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

2. Significant accounting policies (continued)

(d) Inventories (continued)

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

(e) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

Financial assets

Loans and receivables

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

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

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

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

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

Financial liabilities

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

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

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

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

(iii) Derecognition

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

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

(f) Cash and bank balances

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

2. Significant accounting policies (continued)

(g) Impairment

(i) Financial assets

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

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash generating unit.

2. Significant accounting policies (continued)

(g) Impairment (continued)

(ii) Other assets (continued)

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

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last 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. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(i) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Company's contributions to the statutory pension funds are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future is available.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (continued)

(k) Revenue recognition

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(l) Borrowing costs

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

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

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

Company No. 89186-K

2. Significant accounting policies (continued)

(m) Income tax

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entitites, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

2. Significant accounting policies (continued)

(n) Fair value measurements

From 1 January 2013, the Company adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Company applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Company's assets or liabilities.

Company No. 89186-K

3. Property, plant and equipment

	Leasehold Land RM'000	Factory building RM'000	Office equipment and renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Spare parts, standby equipment and servicing equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
At 1 January 2012	226	15,445	2,442	351	63	19,592	-	995	39,114
Additions	-	10	3	15	-	12	-	11,116	11,156
Transfers	-	6,713	473	193	-	2,736	-	(10,115)	-
Disposal	-	-	-	-	-	(429)	-	-	(429)
Written off	-	-	(20)	-	-	-	-	-	(20)
At 31 December 2012/ 1 January 2013	226	22,168	2,898	559	63	21,911	-	1,996	49,821
Additions	-	-	-	-	-	-	-	7,574	7,574
Written off	-	-	(174)	-	-	(373)	-	-	(547)
Disposals	-	-	(20)	-	-	(165)	-	-	(185)
Transfers	-	148	562	212	-	7,265	-	(8,187)	-
Reclassification from Inventories	-	-	-	-	-	-	608	-	608
At 31 March 2014	226	22,316	3,266	771	63	28,638	608	1,383	57,271

Company No. 89186-K

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Factory building RM'000	Office equipment and renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Spare parts, standby equipment and servicing equipment RM'000	Capital work in progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2012									
Accumulated depreciation	95	2,286	1,833	158	63	9,298	-	-	13,733
Accumulated impairment loss	-	-	7	2	-	279	-	-	288
	95	2,286	1,840	160	63	9,577	-	-	14,021
Depreciation for the year	3	326	289	38	-	1,720	-	-	2,376
Disposal	-	-	-	-	-	(429)	-	-	(429)
Written off	-	-	(19)	-	-	-	-	-	(19)
At 31 December 2012/ 1 January 2013									
Accumulated depreciation	98	2,612	2,103	196	63	10,589	-	-	15,661
Accumulated impairment loss	-	-	7	2	-	279	-	-	288
	98	2,612	2,110	198	63	10,868	-	-	15,949
Depreciation for the period	5	535	419	80	-	2,866	13	-	3,918
Disposal	-	-	(20)	-	-	(141)	-	-	(161)
Written off	-	-	(167)	-	-	(362)	-	-	(529)
At 31 March 2014									
Accumulated depreciation	103	3,147	2,335	276	63	12,952	13	-	18,889
Accumulated impairment loss	-	-	7	2	-	279	-	-	288
	103	3,147	2,342	278	63	13,231	13	-	19,177
Carrying amounts									
At 1 January 2012	131	13,159	602	191	-	10,015	-	995	25,093
At 31 December 2012/ 1 January 2013	128	19,556	788	361	-	11,043	-	1,996	33,872
At 31 March 2014	123	19,169	924	493	-	15,407	595	1,383	38,094

Company No. 89186-K

Cost	Leasehold Land INR '000	Factory building INR '000	Office equipment and renovations INR '000	Furniture and fittings INR '000	Motor vehicles INR '000	Plant and machinery INR '000	Spare parts, standby equipment and servicing equipment INR '000	Capital work-in-progress INR '000	Total INR '000
At 1 January 2012	3,786	258,710	40,905	5,879	1,055	328,174		16,667	655,176
Additions	-	-	52	260	-	208		192,318	192,837
Transfer from/(to)	-	-	8,183	3,339	-	47,336		(175,000)	(116,142)
Disposals	-	-	-	-	-	(7,422)		-	(7,422)
Written off	-	-	(346)	-	-	-		-	(346)
Forex translation	257	137,873	3,049	522	72	23,672		1,721	167,166
At 31 December 2012/1 January 2013	4,043	396,565	51,843	10,000	1,127	391,968		35,707	891,269
Additions			-	-		-		141,035	141,035
Transfer from/(to)			10,459	3,948		135,291		(152,456)	(2,758)
Disposals					-	(3,066)			(3,066)
Written off		-	(3,242)	-		(6,944)			(10,186)
Reclassification from Inventories							11,322		11,322
Forex translation	81	10,661	531	122	23	5,353	(227)	945	17,489
At 31 March 2014	4,124	407,226	59,590	14,069	1,150	522,602	11,095	25,232	1,045,105

Cost	Leasehold land INR '000	Factory building INR '000	Office equipment and renovations INR '000	Furniture and fittings INR '000	Motor vehicles INR '000	Plant and machinery INR '000	standby equipment and servicing equipment INR '000	Capital work-in-progress INR '000	Total INR '000
Property, plant and equipment (continued)									
Accumulated depreciation and impairment loss									
At 1 January 2012									
Accumulated depreciation	1,591	38,291	30,704	2,647	1,055	155,745	-	-	
Accumulated impairment loss									
			30,821				-		

	1,591	38,291		2,680	1,055	160,419		-	234,858
Depreciation for the year	52	5,640	5,000	657	-	29,758	-	-	41,107
Impairment loss						-	-	-	-
Disposals					-	(7,422)	-	-	(7,422)
Written off			(329)	-			-	-	(329)
Forex translation	110	2,795	2,254	205	72	11,664			17,099
At 31 December 2012/1 January 2013									
Accumulated depreciation	1,753	46,726	37,621	3,506	1,127	189,428	-	-	280,161
Accumulated impairment loss			125	36		4,991	-	-	5,152
	1,753	46,726	37,746	3,542	1,127	194,419	-	-	285,313
Depreciation for the year	88	9,963	7,794	1,488	-	53,371	242	-	72,945
Impairment loss						-	-	-	-
Disposals			(372)		-	(2,629)	-	-	(3,002)
Written off		-	(3,107)	-		(6,741)	-	-	(9,849)
Forex translation	33	738	671	41	23	3,037	(5)		4,538
At 31 March 2014									
Accumulated depreciation	1,874	57,427	42,603	5,035	1,150	236,347	237		344,673
Accumulated impairment loss			128	36		5,109	-		5,273
	1,874	57,427	42,731	5,072	1,150	241,456	237	-	349,947
Carrying amounts									
At 1 January 2012	2,194	220,419	10,084	3,199	-	167,755		16,667	420,318
At 31 December 2012/1 January 2013	2,290	349,839	14,097	6,458	-	197,549		35,707	605,939
At 31 March 2014	2,250	349,799	16,859	8,998	-	281,146	10,858	25,232	695,141

3. Property, plant and equipment (continued)

3.1 Land

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

4. Inventories

	31.03.2014 RM'000	31.12.2012 RM'000
Raw materials	9,010	8,323
Work-in-progress	565	1,927
Finished goods	14,992	10,733
Packaging materials	2,917	2,542
Supplies and consumables	3,187	4,060
	30,671	27,585

Recognised in profit or loss:		
Inventories recognised as cost of sales	(3,693)	3,365
Write down	276	1,617

The reversal of write down is included in cost of sales.

	2014	**2012**
	INR '000	**INR '000**
Raw materials	164,416	148,891
Work-in-progress	10,311	34,472
Finished goods	273,577	192,004
Packaging materials	53,227	45,474
Spare parts	58,151	72,630
	559,682	493,470
	=====	=====
Recognised in profit or loss:		
Inventories recognised as cost of sales	(68,771)	58,218
Reversal of write down	5,140	27,976
	=====	=====

5. Trade and other receivables

	Note	**31.03.2014 RM'000**	**31.12.2012 RM'000**
Trade			
Trade receivables		38,001	52,280
Less: Impairment loss		(868)	(360)
		37,133	51,920
Amount due from immediate holding company	5.1	3,021	4,449
		40,154	56,369
Non-trade			
Amount due from immediate holding company	5.2	417	503
Other receivables, deposits and prepayments		3,403	2,142
		3,820	2,645
Total trade and other receivables		43,974	59,014

	Note	**2014**	**2012**
		INR '000	**INR '000**
Trade			
Trade receivables		693,449	935,242
Less: Allowance for doubtful debts		(15,839)	(6,440)
		677,609	928,801
Amount due from immediate holding company	.1	55,126	79,589

		732,736	1,008,390
		---------	---------
Non-trade			
Amount due from immediate holding company	.2	7,613	8,998
Other receivables, deposits and prepayments		62,094	38,318
		69,707	47,317
Total trade and other receivables		802,443	1,055,707

5.1 The trade amount due from immediate holding company is denominated in US Dollars and subject to the normal trade terms.

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

6. Share capital

	Amount 31.03.2014 RM'000	Number of shares 31.03.2014 '000	Amount 31.12.2012 RM'000	Number of shares 31.12.2012 '000
Ordinary shares of RM1 each				
Authorised	12,000	12,000	12,000	12,000
Issued and fully paid	8,000	8,000	8,000	8,000

	2014 Number of shares '000	Amount INR '000	2012 Number of shares '000	Amount INR '000
Ordinary shares of RM1 each:				
Authorised	12,000	218,978	12,000	214,669
	=====	=====	=====	=====
Issued and fully paid	8,000	145,985	8,000	143,113
	=====	=====	=====	=====

7. Retained earnings

The Finance Act 2007 introduced a single tier dividend system with effect from 1 January 2008. As such, the Company may distribute single tier dividends to its shareholders out of its entire retained earnings as at 31 December 2013.

8. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31.03.2014 RM'000	31.12.2012 RM'000	Liabilities 31.03.2014 RM'000	31.12.2012 RM'000	Net 31.03.2014 RM'000	31.12.2012 RM'000
Property, plant and equipment	-	-	-	2,833	-	2,833
Provisions	-	(1,522)	-	-	-	(1,522)
Net tax liabilities	-	(1,522)	-	2,833	-	1,311

Movement in temporary differences during the financial period:

	At 1.1.2012 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2012/ 1.1.2013 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.3.2014 RM'000
Property, plant, and equipment	2,125	708	2,833	(2,833)	-
Provisions	(993)	(529)	(1,522)	1,522	-
	1,132	179	1,311	(1,311)	-

	Asset		Liability		Net	
	2014	2012	2014	2012	2014	2012
	INR '000	INR '000	INR '000	INR '000	INR '000	INR '000
Property, plant and equipment	-	-	-	50,680	-	50,680
Provisions	-	-27,227	-	-	-	-27,227
Net tax liabilities	-	-27,227	-	50,680	-	23,453

Movement in temporary differences during the year

	At 1.1.2012 Rupees '000	Recognised in profit or loss (Note 14) Rupees '000	At 31.12.2012 Rupees '000	Recognised in profit or loss (Note 14) Rupees '000	At 31.03.2014 Rupees '000
Property, plant and equipment	35,595	12,249	50,680	(52,756)	-
Provisions	(16,633)	(9,152)	(27,227)	28,343	-
	18,961	**3,097**	**23,453**	**(24,413)**	**-**

8. Deferred tax liabilities (continued)

Unrecognised deferred tax assets

	31.03.2014 RM'000	31.12.2012 RM'000
Deductible temporary differences	24,615	-
Deferred tax assets not recognised at 25%	6,154	-

	31.03.2014 INR'000	31.12.2012 INR'000
Deductible temporary differences	449,179	-
Deferred tax assets not recognised at 25%	112,299	-

Deferred tax assets have not been recognised in respect of the above item because it is not probable that near future taxable profit will be available against which the Company can utilise the benefits there from.

9. Bank borrowings

	Note	31.03.2014 RM'000	31.12.2012 RM'000
Current			
Bank overdraft	9.1	26,142	13,175

	Note	2014 INR '000	2012 INR '000
Current			
Bank overdraft	9.1	477,043	235,689

9.1 Bank overdraft

The bank overdraft is subject to interest rate of 8.00% (31.12.2012:8.00%) per annum.

10. Provisions

	31.03.2014 RM'000	31.12.2012 RM'000
At 1 January	145	75
Provision made during the period/year	514	70
At 31 March/December	659	145

	2014	2012
	INR '000	**INR '000**
At 1 January	2,458	1,256
(Reversal)/Provision made during the year	9,571	1,211
Forex translation		
At 31 December	12,025	2,594

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

11. Trade and other payables

	Note	31.03.2014 RM'000	31.12.2012 RM'000
Trade			
Trade payables		3,348	7,152
Amount due to immediate holding company	11.1	17,319	11,248
		20,667	18,400
Non-trade			
Amount due to immediate holding company	11.2	3,103	2,689
Other payables		3,153	1,226
Accruals		3,034	3,223
		9,290	7,138
Total trade and other payables		29,957	25,538

		2014 INR '000	2012 INR '000
Trade			
Trade payables		61,101	127,943
Amount due to immediate holding company	11.1	316,032	201,216
		377,133	329,159
Non-trade			
Amount due to immediate holding company	11.2	56,616	48,104
Other payables		57,536	21,932
Accruals		55,372	57,657
		169,524	127,692
Total trade and other payables		546,657	456,852

11.1 The trade amount due to immediate holding company is denominated in US Dollars and subject to the normal trade terms.

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

12. (Loss)/Profit before tax

	1.1.2013 to 31.03.2014 RM'000	1.1.2012 to 31.12.2012 RM'000
(Loss)/Profit before tax is arrived at after charging:		
Auditors' fee		
- statutory	89	89
- others	64	48
Depreciation on property, plant and equipment	3,918	2,376
Impairment loss on trade receivables	508	70
Interest expense		
-bank overdraft	2,124	1,138
Personnel expenses (including key management personnel):		
- contributions to Employees Provident Fund	1,972	1,366
- wages, salaries and others	22,490	16,940
Property, plant and equipment written off	18	1
Loss on disposal of property, plant and equipment	18	-
Rental of premises	819	650
Realised loss on foreign exchange	330	7
Unrealised loss on foreign exchange	830	-
Write down of inventories	276	1,617
and crediting:		
Gain on disposal of property, plant and equipment	-	(27)
Unrealised gain on foreign exchange	-	(285)

		2014 INR '000	2012 INR '000
Profit before tax is arrived at after charging:			
Allowance for doubtful debts		9,464	1,211
Auditors' fee	- statutory	1,657	1,540
	- others	1,192	830
Depreciation on property, plant and equipment		72,961	41,107
Impairment loss on property, plant and equipment		-	-
Interest expense		-	-
- bankers' acceptance		-	-
- bank overdraft		39,547	19,689
Loss on disposal of property, plant and equipment		335	-
Personnel expenses (including key		-	-
management personnel):		-	-
		36,723	23,633
		418,808	293,080
Property, plant and equipment written off		335	17
Rental of premises		15,246	11,246
Realised loss on foreign exchange		6,145	121

Unrealised loss on foreign exchange	15,456	-
Write down of inventories		27,976
and crediting:		
Allowance for doubtful debts no longer required	-	-
Gain on disposal of property, plant and equipment	-	(467)
Reversal of write down of inventories	-	-
Realised gain on foreign exchange	-	-
Unrealised gain on foreign exchange	-	(4,931)
Reversal of impairment loss on property, plant and Equipment	-	-

13. Key management personnel compensation

The key management personnel compensations are as follows:

	1.1.2013 to 31.03.2014 RM'000	1.1.2012 to 31.12.2012 RM'000
Directors:		
Fees	63	51
Remuneration	929	706
	992	757

The estimated monetary value of Directors' benefit-in-kind is RM114,000 (INR 2,080,272) (2012: RM91,000) (INR 1,627,899)

	2014 INR '000	2012 INR '000
Directors:		
Fees	1,181	882
Remuneration	17,300	12,215
	18,480	13,097

14. Tax expense

	1.1.2013 to 31.03.2014 RM'000	1.1.2012 to 31.12.2012 RM'000
Income tax expense		
- Current year	-	1,665
- Over provision in prior year	(422)	(89)
	(422)	1,576
Deferred tax expense		
- (Originating)/Reversal of temporary differences	(1,078)	179
- Over provision in prior year	(233)	-
	(1,311)	179
	(1,733)	1,755

Reconciliation of tax expense

(Loss)/Profit before tax	(24,639)	8,575
Income tax using Malaysian tax rate of 25%	(6,160)	2,144
Non deductible expenses	111	112
Effect of temporary differences not recognised	6,154	-
Tax incentives	(1,181)	(412)
Others	(2)	-

	(1,078)	1,844
Over provision in prior year	(655)	(89)
Tax expense	(1,733)	1,755

	2014	2012
	INR '000	**INR '000**
Income tax expense		
- Current year	-	28,806
Over/(Under) provision in prior year	(7,858)	(1,540)
	(7,858)	27,266
	---------	---------
Deferred tax expense		
- Reversal/(Originating) of temporary differences	(20,074)	3,097
- Under provision in prior year	(4,339)	-
	(24,413)	3,097
	---------	---------
	(32,272)	30,363
	=====	=====

Reconciliation of tax expense

(Loss)/Profit before tax	(458,827)	148,356
	=====	=====
Tax using Malaysian tax rate of 25%	(114,707)	37,093
Non deductible expenses	2,067	1,938
Effect of temporary differences not recognised	114,600	
Tax incentives	(21,993)	(7,128)
Others	(37)	
	(20,070)	31,903
over/(Under) provision in prior year	(12,197)	(1,540)
Tax expense	(32,267)	30,363

15. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
31.03.2014			
First and final tax exempt 2012 ordinary	10	800	27 June 2013
31.12.2012			
First and final tax exempt 2011 ordinary	10	800	30 June 2012

	Sen per share	Total amount INR'000	Date of payment
31.03.2014			
First and final tax exempt 2012 ordinary	10	14,898	27 June 2013
31.12.2012			
First and final tax exempt 2011 ordinary	10	13,841	30 June 2012

16. Operating leases

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

	31.03.2014 RM'000	31.12.2012 RM'000
Less than one year	443	386
Between one and five years	455	74
	898	460

	31.03.2014 INR'000	31.12.2012 INR'000
Less than one year	8,245	6,678
Between one and five years	8,473	1,280
	16,718	7,958

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

17. Financial instruments

17.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R");
(b) Financial liabilities measured at amortised cost ("FL").

	Carrying Amount RM'000	L&R/ (FL) RM'000
31 March 2014		
Financial assets		
Trade and other receivables	42,721	42,721
Cash and cash equivalents	411	411
	43,132	43,132
Financial liabilities		
Bank borrowings	(26,142)	(26,142)
Trade and other payables	(26,957)	(26,957)
	(53,099)	(53,099)
31 December 2012		
Financial assets		
Trade and other receivables	58,341	58,341
Cash and cash equivalents	127	127
	58,468	58,468
Financial liabilities		
Bank borrowings	(13,175)	(13,175)
Trade and other payables	(25,538)	(25,538)
	(38,713)	(38,713)

2014	**Carrying Amount INR '000**	**L&R/ (OL) INR '000**
Financial assets		
Trade and other receivables	779,588	779,588
Cash and cash equivalents	7,498	7,498
	787,086	787,086
Financial liabilities		
Bank borrowings	(477,043)	(477,043)
Trade and other payables	(491,916)	(491,916)
	(968,959)	(968,959)
	======	======

2012

Financial assets		
Trade and other receivables	1,043,667	1,043,667
Cash and cash equivalents	2,272	2,272
	1,045,939	1,045,939
	======	======
Financial liabilities		
Bank borrowings	(235,689)	(235,689)
Trade and other payables	(456,852)	(456,852)
	(692,540)	(692,540)

17.2 Net gains and losses arising from financial instruments

	1.1.2013 to 31.03.2014 RM'000	**1.1.2012 to 31.12.2012 RM'000**
Loans and receivables	2,476	3,013
Financial liabilities measured at amortised cost	(6,142)	(3,662)
Net loss	(3,666)	(649)

	1.1.2013 to 31.03.2014 INR'000	**1.1.2012 to 31.12.2012 INR'000**
Loans and receivables	46,108	52,128
Financial liabilities measured at amortised cost	(114,376)	-3,668
Net loss	(68268)	48,460

Company No. 89186-K

17. Financial instruments (continued)

17.3 Financial risk management objectives and policies

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

- Market risk
- Liquidity risk
- Credit risk

17.4 Market risk

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

17.4.1 Foreign currency risk

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

Risk management objectives, policies and processes for managing the risk

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

17. Financial instruments (continued)

17.4 Market risk (continued)

17.4.1 Foreign currency risk (continued)

Exposure to foreign currency risk

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

	Denominated in				
	USD **RM'000**	***SGD*** **RM'000**	***BND*** **RM'000**	***Euro*** **RM'000**	***CHF*** **RM'000**
31 March 2014					
Trade and other receivables	944	6,844	2	-	-
Trade and other payables	(1,488)	(159)	-	-	103
Intra-group receivables	3,438	-	-	-	-
Intra-group payables	(17,913)	-	-	-	-
Net exposure	(15,019)	6,685	2	-	103
31 December 2012					
Trade and other receivables	4	6,623	-	-	-
Trade and other payables	(1,278)	(33)	-	(23)	-
Intra-group receivables	4,952	-	-	-	-
Intra-group payables	(11,449)	-	-	-	-
Net exposure	(7,771)	6,590	-	(23)	-

	USD **INR '000**	***SGD*** **INR '000**	***BND*** **INR '000**	***Euro*** **INR '000**	***CHF*** **INR'000**
2014					
Trade and other receivables	17,227	124,892	29	-	-
Trade and other payables	(27,148)	(2,902)	-	-	1,880
Intra-group receivables	62,737	-	-	-	-
Intra-group payables	(326,880)	-	-	-	-
Net exposure	(274,063)	121,990	29	-	1,880

Denominated in

	USD **INR '000**	***SGD*** **INR '000**	***BND*** **INR '000**	***Euro*** **INR '000**	***CHF*** **INR'000**
2012					
Trade and other receivables	72	118,479	-	-	-
Trade and other payables	(22,862)	(590)	-	(411)	-
Intra-group receivables	88,587	-	-	-	-
Intra-group payables	(204,812)	-	-	-	-
Net exposure	(139,016)	117,889	-	(411)	-

Company No. 89186-K

17. Financial instruments (continued)

17.4 Market risk (continued)

17.4.1 Foreign currency risk (continued)

Currency risk sensitivity analysis

A 10% (31.12.2012:10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	1.1.2013 to 31.03.2014 RM'000	**1.1.2012 to 31.12.2012 RM'000**
USD	1,126	583
SGD	(501)	(494)
BND	-	-
Euro	-	2
CHF	(8)	-

Profit or loss

	2014	**2012**
	INR '000	**INR '000**
USD	20,968	10,087
SGD	(9,330)	(8,547)
BND	-	-
CHF	(149)	-
Euro	-	35

A 10% (31.12.2012: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

17.4.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

17. Financial instruments (continued)

17.4 Market risk (continued)

17.4.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instrument, based on carrying amount as at the end of the reporting period was:

	31.03.2014 RM'000	31.12.2012 RM'000
Floating rate instruments		
Financial liabilities	26,142	13,175

	31.03.2014 INR'000	31.12.2012 INR'000
Floating rate instruments		
Financial liabilities	477,043	227,941

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Equity		Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000	50 bp increase RM'000	50 bp decrease RM'000
31 March 2014				
Floating rate instruments:				
Bank overdraft	(98)	98	(98)	98
31 December 2012				
Floating rate instruments:				
Bank overdraft	(49)	49	(49)	49

	Equity		Profit or loss	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	INR'000	INR'000	INR'000	INR'000
31 March 2014				
Floating rate instruments:				
Bank overdraft	(912)	912	(912)	912
31 December 2012				
Floating rate instruments:				
Bank overdraft	(848)	848	(848)	848

17. Financial instruments (continued)

17.5 Liquidity risk

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

The table below represents the maturity profile of the financial liabilities recognised by the Company as at the end of the reporting period, based on contractual undiscounted repayment obligations:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under one year RM'000
31 March 2014				
Non-derivative financial Liabilities				
Trade and other payables	26,957	-	26,957	26,957
Bank borrowings	26,142	8.0%	26,142	26,142
	53,099		53,099	53,099
31 December 2012				
Non-derivative financial Liabilities				
Trade and other payables	25,538	-	25,538	25,538
Bank borrowings	13,175	8.0%	13,175	13,175
	38,713		38,713	38,713

2014	**Contractual amount INR '000**	**Contractual interest rate INR '000**	**Contractual cash flows INR '000**	**Under 1 year INR '000**
Non-derivative financial				
Liabilities				
Trade and other payables	491,916	-	491,916	491,916
Bank borrowings	477,044	8.00%	477,044	477,044
	968,960		968,960	968,960
	=====		=====	=====
2012				
Non-derivative financial				
Liabilities				
Trade and other payables	456,852	-	456,852	456,852
Bank borrowings	235,689	8.00%	235,689	235,689
	692,540		692,540	692,540

17.6 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

17. Financial instruments (continued)

17.6 Credit risk (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amount of the receivables presented in the statement of financial position. As at the end of the reporting period, 5 (31.12.2012: five (5)) significant debtors account for 90%(31.12.2012: 93%) of total receivables. Except for this, there were no significant concentrations of credit risk.

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

Group	**Gross RM'000**	**Individual impairment RM'000**	**Net RM'000**
31 March 2014			
Not past due	13,241	-	13,241
Past due 1 - 30 days	2,087	-	2,087
Past due 31 - 90 days	7,258	-	7,258
Past due more than 90 days	15,415	(868)	14,547
Total	38,001	(868)	37,133
31 December 2012			
Not past due	23,330	-	23,330
Past due 1 - 30 days	4,173	-	4,173
Past due 31 - 90 days	3,384	-	3,384
Past due 61 - 90 days	5,875	-	5,875
Past due more than 90 days	15,518	(360)	15,158
Total	52,280	(360)	51,920

	Gross INR'000	**Individual Impairment INR'000**	**Net INR'000**
2014			
Not past due	241,625		241,625
Past due 0 – 30 days	38,076		38,076
Past due 31- 60 days	84,974		84,974
Past due 60 – 90 days	47,472		47,472
Past due more than 90 days	281,296	-15,839	265,456
Total	693,443	-15,839	677,603
2012			
Not past due	417,352		417,352
Past due 0 – 30 days	74,651		74,651
Past due 31- 60 days	60,537		60,537
Past due 60 – 90 days	105,098		105,098
Past due more than 90 days	277,603	-6,440	271,163
Total	935,242	-6,440	928,801

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

	1.1.2013 to 31.03.2014 RM'000	1.1.2012 to 31.12.2013 RM'000
At 1 January	360	290
Impairment loss recognized	508	70
At 31 March/December	868	360

	1.1.2013 to 31.03.2014 INR'000	1.1.2012 to 31.12.2013 INR'000
At 1 January	6,569	5,188
Impairment loss recognized	9,270	1,252
At 31 March/December	15,839	6,440

17. Financial instruments (continued)

17.7 Fair value information

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

18. Capital management

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

19. Related party transactions

Identity of related parties

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

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

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

	1.1.2013 to 31.03.2014 RM'000	1.1.2011 to 31.12.2012 RM'000
Immediate holding company		
Sales	(3,589)	(3,118)
Royalty and trademark	2,930	3,531
Purchases	16,422	11,754
Dividend paid	570	570

	1.1.2013 to 31.03.2014 INR'000	1.1.2011 to 31.12.2012 INR'000
Immediate holding company		
Sales	(66,834)	(53,945)
Royalty and trademark	54,562	61,090
Purchases	305,810	203,356
Dividend paid	10,615	9,862

19. Related party transactions (continued)

Identity of related parties (continued)

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

20. Comparative figures

The comparatives for the statements of profit or loss and other comprehensive income, changes in equity and cash flows as well as the comparatives in the respective notes to the financial statements for the previous twelve months ended 31 December 2012 are hence not comparable to that for the current fifteen months ended 31 March 2014.

21. Significant events subsequent to reporting date

On 7 April 2014, Sun Pharmaceutical Industries Ltd ("Sun Pharma") and Ranbaxy Labroratories Limited ("Ranbaxy") have entered into definitive agreements pursuant to which Sun Pharma will acquire 100% of Ranbaxy in an all-stock transaction. Sun Pharma will become the ultimate holding company, subject to relevant statutory and shareholders' approval.

Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
(Incorporated in Malaysia)

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

In the opinion of the Directors, the financial statements set out on pages 5 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2014 and of its financial performance and cash flows for the period then ended.

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

……………………………………………………….
Dato' Abdullah bin Mohd Yusof

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

Date: 20 May 2014

Ranbaxy (Malaysia) Sdn. Bhd.
(Company No. 89186-K)
(Incorporated in Malaysia)

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

I, **Jeyabalan A/L V. Thangarajah**, the Director primarily responsible for the financial management of Ranbaxy (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 39 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 20 May 2014.

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

Before me:

Note : Conversion rate used against Indian INR for the year 2014 and 2012 are:
i) Items relating to Profit and Loss account at 1 Malaysian Ringgit Average rate:
= .0537 [2012: 1 Malaysian Ringgit =0.0578]
ii) Items relating to Balance sheet at Closing rate: 1 Malaysian Ringgit = 0.0548
[2012: 1 Malaysian Ringgit = 0.0559]