Ranbaxy (Malaysia) Sdn. Bhd.

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

Financial statements for the year ended 31 March 2015

Ranbaxy (Malaysia) Sdn. Bhd.

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

Directors' report for the year ended 31 March 2015

The Directors hereby submit their report and the audited financial statements of the Company for the year ended 31 March 2015.

Principal activities

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

Results

	RM'000
Loss for the year	17,441

Reserves and provisions

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

Dividends

Since the end of previous financial period, the Company paid the remaining RM569,687 dividend payable for the financial year ended 31 December 2012 on 15 August 2014. In prior years, the Company declared first and final dividend of 10 sen per ordinary share of RM1.00 each totaling RM800,000 for the financial year ended 31 December 2012. The Company had paid part of the 2012 dividend amounting to RM230,313 on 27 June 2013.

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

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
Indrajit Banerjee
Alok Shubhkar Kapoor
Ranjan Chakravarti (appointed on 21 November 2014)
Rajiv Gulati (resigned with effect from 5 November 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 1.4.2014	Bought	(Sold)	At 31.3.2015
Interest in the holding company				
Santha Bhaskara Menon				
- own	1,046	-	-	1,046

None of the other Directors holding office at 31 March 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

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

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares and debentures

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

Other statutory information

Before the 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.

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

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 March 2015 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.

Company No. 89186-K

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:

....

Dato' Abdullah bin Mohd Yusof

....

Jeyabalan A/L V. Thangarajah

Date: 25 May 2015

Ranbaxy (Malaysia) Sdn. Bhd.

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

Statement of financial position as at 31 March 2015

	Note	2015 RM'000	2014 RM'000
Asset			
Property, plant and equipment	3	41,124	38,094
Total non-current asset		41,124	38,094
Inventories	4	22,474	30,671
Trade and other receivables	5	41,263	43,974
Tax recoverable		1,683	703
Cash and bank balances		173	411
Total current assets		65,593	75,759
Total assets		106,717	113,853
Equity			
Share capital	6	8,000	8,000
Share premium		300	300
Retained earnings		31,354	48,795
Total equity		39,654	57,095
Liabilities			
Bank borrowings	7	22,517	26,142
Provisions	8	436	659
Trade and other payables	9	44,110	29,957
Total current liabilities		67,063	56,758
Total liabilities		67,063	56,758
Total equity and liabilities		106,717	113,853

The notes on pages 9 to 38 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 year ended 31 March 2015

	Note	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Revenue		67,860	76,378
Cost of sales		(58,818)	(71,870)
Gross profit		9,042	4,508
Other operating income		1,152	2,177
Distribution costs		(14,060)	(17,283)
Administrative expenses		(7,257)	(8,150)
Other operating expenses		(4,861)	(3,767)
Result from operating activities		(15,984)	(22,515)
Finance costs		(1,906)	(2,124)
Loss before tax	10	(17,890)	(24,639)
Tax credit	12	449	1,733
Loss and total comprehensive expense for the year/period		(17,441)	(22,906)

The notes on pages 9 to 38 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.

(Company No. 89186-K)
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Statement of changes in equity for the year ended 31 March 2015

	Note	*Non distributable* Share capital RM'000	Share premium RM'000	*Distributable* Retained earnings RM'000	Total RM'000
At 1 January 2013		8,000	300	72,501	80,801
Loss and total comprehensive expense for the period		-	-	(22,906)	(22,906)
Dividends	13	-	-	(800)	(800)
At 31 March 2014/ 1 April 2014		8,000	300	48,795	57,095
Loss and total comprehensive expense for the year		-	-	(17,441)	(17,441)
At 31 March 2015		8,000	300	31,354	39,654
		Note 6			

The notes on pages 9 to 38 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.
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Statement of cash flows for the year ended 31 March 2015

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Cash flows from operating activities		
Loss before tax	(17,890)	(24,639)
Adjustments for:		
Depreciation of property, plant and equipment	3,921	3,918
(Reversal)/Impairment loss on trade receivables	(441)	508
Interest expense	1,906	2,124
Loss on disposal of property, plant and equipment	-	18
Property, plant and equipment written off	4	18
Unrealised loss on foreign exchange	3,888	830
Operating loss before changes in working capital	(8,612)	(17,223)
Change in inventories	8,197	(3,693)
Change in trade and other receivables	3,252	15,404
Change in trade and other payables	10,735	2,147
Change in provisions	(223)	514
Cash generated from/(used in) operations	13,349	(2,851)
Taxes (paid)/received	(531)	90
Interest paid	(1,906)	(2,124)
Net cash generated from/(used in) operating activities	10,912	(4,885)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,955)	(7,574)
Proceeds from disposal of property, plant and equipment	-	6
Net cash used in investing activities	(6,955)	(7,568)
Cash flows from financing activities		
Dividends paid	(570)	(230)
Drawdown of bank borrowings	(3,625)	12,967
Net cash (used in)/generated from financing activities	(4,195)	12,737
Net (decrease)/increase in cash and bank balances	(238)	284
Cash and bank balances at 1 April/1 January	411	127
Cash and bank balances at 31 March	173	411

The notes on pages 9 to 38 are an integral part of these financial statements.

Ranbaxy (Malaysia) Sdn. Bhd.

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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,
5th Floor, South Block
Wisma Selangor Dredging
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 during the financial year is Ranbaxy Laboratories Ltd. which was subsequently acquired by Sun Pharmaceutical Industries Limited on 24 March 2015 as disclosed in Note 19.

As of the date of this report, the immediate and the ultimate holding company is Sun Pharmaceutical Industries Limited, a company incorporated in India and listed in BSE Limited and National Stock Exchange of India Limited.

The financial statements were authorised for issue by the Board of Directors on 25 May 2015.

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.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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.

MFRSs, 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 Payment (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 Contributions*
- 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)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

Company No. 89186-K

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

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

- 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.

- From the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 5, 10, 11, 12, 14, 116, 119, 127, 128, 134, 138 and 141 which are not applicable to the Company.

- From the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

- From the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or 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:

(i) **MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Company is currently assessing the financial impact that may arise from the adoption of 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.

During the financial year ended 31 March 2015, the Company incurred a loss of RM17,441,000 and as of that date, its current liabilities exceeded its current assets by RM1,470,000. The appropriateness of using the going concern assumption for the preparation of the financial statements is dependent upon its related company to provide such financial support as is necessary to enable the Company to continue as a going concern in the foreseeable future.

A related company has confirmed that it will provide continuous financial support to the Company to meet its obligation as and when they fall due. Accordingly, the financial statements do not include any adjustments relating to the reclassification and recoverability of recorded assets amounts or the amounts of liabilities that may be necessary if the Company were unable to continue as a going concern.

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 year 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 8, *Provisions*.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the year 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 end of 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 measured 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 the 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 component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component 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

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative years 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 year, 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 measured 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 categorises 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 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss including trade and other payables and bank borrowings 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 investment in 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 impairment loss of the financial assets 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 year, 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 year 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 years are assessed at the end of each reporting year 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.

(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.

2. Significant accounting policies (continued)

(i) Employee benefits (continued)

(i) Short-term employee benefits (continued)

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

(ii) State plans

The Company's contributions to the statutory pension funds are charged to profit or loss in the year to which they relate. 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.

(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.

2. Significant accounting policies (continued)

(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.

(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 or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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.

2. Significant accounting policies (continued)

(m) Income tax (continued)

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 year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(n) Fair value measurements

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.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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 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/ 1 April 2014	226	22,316	3,266	771	63	28,638	608	1,383	57,271
Additions	-	-	-	-	-	343	1,096	5,516	6,955
Written off	-	-	-	-	-	(6)	-	-	(6)
Transfers	-	134	159	6	-	3,150	-	(3,449)	-
At 31 March 2015	226	22,450	3,425	777	63	32,125	1,704	3,450	64,220

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 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/ 1 April 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
Depreciation for the year	4	430	316	69	-	2,732	370	-	3,921
Written off	-	-	-	-	-	(2)	-	-	(2)
At 31 March 2015									
Accumulated depreciation	107	3,577	2,651	345	63	15,682	383	-	22,808
Accumulated impairment loss	-	-	7	2	-	279	-	-	288
	107	3,577	2,658	347	63	15,961	383	-	23,096
Carrying amounts									
At 1 January 2013	128	19,556	788	361	-	11,043	-	1,996	33,872
At 31 March 2014/ 1 April 2014	123	19,169	924	493	-	15,407	595	1,383	38,094
At 31 March 2015	119	18,873	767	430	-	16,164	1,321	3,450	41,124

3. Property, plant and equipment (continued)

3.1 Land

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

4. Inventories

	2015 RM'000	2014 RM'000
Raw materials	6,292	9,010
Work-in-progress	1,373	565
Finished goods	10,086	14,992
Packaging materials	2,849	2,917
Supplies and consumables	1,874	3,187
	22,474	30,671
Recognised in profit or loss:		
Inventories recognised as cost of sales	30,422	38,742
Write-down	2,500	276

The write-down are included in cost of sales.

5. Trade and other receivables

	Note	2015 RM'000	2014 RM'000
Trade			
Trade receivables		32,893	38,001
Less: Impairment loss		(427)	(868)
		32,466	37,133
Amount due from holding company	5.1	3,611	3,021
		36,077	40,154
Non-trade			
Amount due from holding company	5.2	862	417
Other receivables, deposits and prepayments		4,324	3,403
		5,186	3,820
Total trade and other receivables		41,263	43,974

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

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

6. Share capital

	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '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

7. Bank borrowings

	Note	2015 RM'000	2014 RM'000
Current			
Bank overdraft	7.1	8,766	26,142
Buyers' credit	7.2	13,751	-
At 31 March		22,517	26,142

7.1 *Bank overdraft*

The bank overdraft is subject to interest rate ranging from 8.00% to 8.30% (2014: 8.00%) per annum.

7.2 *Buyers' credit*

The buyers' credit is subject interest ranging from 5.10% to 5.20% (2014: Nil) per annum.

8. Provisions

	2015 RM'000	2014 RM'000
At beginning of the period	659	145
(Reversal)/Provision made during the period	(223)	514
At end of period	436	659

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.

9. Trade and other payables

	Note	2015 RM'000	2014 RM'000
Trade			
Trade payables		6,489	3,348
Amount due to holding company	9.1	25,913	17,319
		32,402	20,667
Non-trade			
Amount due to holding company	9.2	3,506	3,103
Other payables		5,385	3,153
Accruals		2,817	3,034
		11,708	9,290
Total trade and other payables		44,110	29,957

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

9.2 The non-trade amount due to holding company is denominated in US Dollars, unsecured, interest free and repayable on demand. Included in non-trade amount due to holding company in the previous financial year were dividend payable of RM569,687 (Note 13) which was paid on 15 August 2014.

10. Loss before tax

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Loss before tax is arrived at after charging/ (crediting):		
Auditors' fee		
- statutory	79	79
- others	64	74
Depreciation on property, plant and equipment	3,921	3,918
(Reversal)/Impairment loss on trade receivables	(441)	508
Interest expense		
- bank overdraft	1,740	2,124
- buyers' credit	166	-
Personnel expenses (including key management personnel):		
- contributions to Employees Provident Fund	1,729	1,972
- wages, salaries and others	18,323	22,490
Property, plant and equipment written off	4	18
Loss on disposal of property, plant and equipment	-	18
Rental of premises	600	819
Realised loss on foreign exchange	297	330
Unrealised loss on foreign exchange	3,888	830
Write down of inventories	2,500	276

11. Key management personnel compensation

The key management personnel compensations are as follows:

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Directors:		
Fees	50	63
Remuneration	695	929
	745	992

The estimated monetary value of Directors' benefit-in-kind is RM91,000 (2014: RM114,000).

12. Tax expense

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Income tax expense		
- Over provision in prior year	(449)	(422)
	(449)	(422)
Deferred tax expense		
- (Originating)/Reversal of temporary differences	-	(1,078)
- Over provision in prior year	-	(233)
	-	(1,311)
	(449)	(1,733)

Reconciliation of tax expense

Loss before tax	(17,890)	(24,639)
Income tax using Malaysian tax rate of 25% (2014: 25%)	(4,473)	(6,160)
Non deductible expenses	293	111
Effect of temporary differences not recognised	4,180	6,154
Tax incentives	-	(1,181)
Others	-	(2)
	-	(1,078)
Over provision in prior year	(449)	(655)
Tax expense	(449)	(1,733)

12. Tax expense (continued)

Unrecognised deferred tax assets

	2015 RM'000	2014 RM'000
Deductible temporary differences	41,334	24,615
Deferred tax assets not recognised at 25%	10,334	6,154

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.

13. Dividends

Dividends recognised in the prior year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
First and final tax exempt 2012 ordinary			
- Paid	10	230	27 June 2013
- Paid	10	570	15 August 2014
		800	

14. Operating leases

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

	2015 RM'000	2014 RM'000
Less than one year	446	443
Between one and five years	434	455
	880	898

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

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15. Financial instruments

15.1 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
2015		
Financial assets		
Trade and other receivables	40,231	40,231
Cash and cash equivalents	173	173
	40,404	40,404
Financial liabilities		
Bank borrowings	(22,517)	(22,517)
Trade and other payables	(44,110)	(44,110)
	(66,627)	(66,627)
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	(29,957)	(29,957)
	(56,099)	(56,099)

15.2 Net gains and losses arising from financial instruments

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Loans and receivables	335	2,476
Financial liabilities measured at amortised cost	(6,867)	(6,142)
Net loss	(6,532)	(3,666)

15. Financial instruments (continued)

15.3 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

15.4 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.

15.4.1 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.

Exposure to foreign currency risk

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

	Denominated in				
	USD	**SGD**	**BND**	**EUR**	**CHF**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015					
Trade and other receivables	1,713	4,099	6	158	164
Trade and other payables	(3,530)	2	-	(141)	-
Intra-group receivables	4,474	-	-	-	-
Intra-group payables	(26,921)	-	-	-	-
Net exposure	(24,264)	4,101	6	17	164

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15. Financial instruments (continued)

15.4 Market risk (continued)

15.4.1 Foreign currency risk (continued)

	Denominated in				
	USD RM'000	SGD RM'000	BND RM'000	EUR RM'000	CHF RM'000
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

Currency risk sensitivity analysis

A 10% (31.03.2014;10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting year 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.

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
USD	1,820	1,126
SGD	(308)	(501)
EUR	(1)	-
CHF	(12)	(8)

A 10% (31.03.2014: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting year 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.

15. Financial instruments (continued)

15.4 Market risk (continued)

15.4.2 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.

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 year was:

	2015 RM'000	2014 RM'000
Floating rate instruments		
Financial liabilities	22,517	26,142

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 year would not affect profit or loss.

15. Financial instruments (continued)

15.4 Market risk (continued)

15.4.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(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 year 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
2015				
Floating rate instruments:				
Bank overdraft	(33)	33	(33)	33
Buyers' credit	(52)	52	(52)	52
2014				
Floating rate instruments:				
Bank overdraft	(98)	98	(98)	98

15.5 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 year, based on contractual undiscounted repayment obligations:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under one year RM'000
2015				
Non-derivative financial liabilities				
Trade and other payables	44,110	-	44,110	44,110
Bank borrowings	22,517	5.1% - 8.3%	22,517	22,517
	66,627		66,627	66,627

15. Financial instruments (continued)

15.5 Liquidity risk (continued)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under one year RM'000
2014				
Non-derivative financial liabilities				
Trade and other payables	29,957	-	29,957	29,957
Bank borrowings	26,142	8.0%	26,142	26,142
	56,099		56,099	56,099

15.6 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.

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 year, 5 (2014: five (5)) significant debtors account for 90% (2014: 90%) of total receivables. Except for this, there were no significant concentrations of credit risk.

15. Financial instruments (continued)

15.6 Credit risk (continued)

Receivables (continued)

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

	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	27,137	-	27,137
Past due 1 - 30 days	3,498	-	3,498
Past due 31 - 90 days	668	-	668
Past due more than 90 days	1,590	(427)	1,163
Total	32,893	(427)	32,466
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

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

	2015 RM'000	2014 RM'000
At 1 April	868	360
(Reversal)/Impairment loss recognised	(441)	508
At 31 March	427	868

15.7 Fair value information

As at the end of the reporting year, 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.

16. 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 year.

17. 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:

	1.4.2014 to 31.3.2015 RM'000	1.1.2013 to 31.3.2014 RM'000
Holding company		
Sales	(2,786)	(3,589)
Royalty and trademark	2,776	2,930
Purchases	8,237	16,422
Dividend paid	570	230

Balances with holding company at the reporting date are disclosed in Note 5 and Note 9 to the financial statements. All the outstanding balances are expected to be settled in cash by the related parties.

18. 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 current twelve months ended 31 March 2015 is not comparable to that for the previous fifteen months ended 31 March 2014.

19. Significant event during the financial year

Change in the immediate and ultimate holding company

Pursuant to the approval of the merger scheme on 24 March 2015 by the relevant statutory and shareholders, Sun Pharmaceutical Industries Limited ("Sun Pharma") has successfully acquired 100% of Ranbaxy Laboratories Ltd. in all-stock transaction. The Company is now a subsidiary of Sun Pharma.

Sun Pharma is a company listed in BSE Limited and National Stock Exchange of India Limited.

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 38 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 2015 and of its financial performance and cash flows for the year then ended.

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

....

Dato' Abdullah bin Mohd Yusof

....

Jeyabalan A/L V. Thangarajah

Date: 25 May 2015

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 38 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 25 May 2015.

....

Jeyabalan A/L V. Thangarajah

Before me:

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama,
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

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 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 38.

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 2015, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 (b) to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred loss of RM17,441,000 for the financial year ended 31 March 2015 and as of that date, its current liabilities exceeded its current assets by RM1,470,000. The appropriateness of using the going concern assumption for the preparation of the financial statements is dependent upon its related company to provide such financial support as is necessary to enable the Company to continue as a going concern in the foreseeable future. Accordingly, the financial statements do not include any adjustments relating to the reclassification and recoverability of recorded assets amounts or the amounts of liabilities that may be necessary if the Company was unable to continue as a going concern.

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: 2877/12/16(J)
Chartered Accountant

Date: 25 May 2015