Contents

Directors' Report

Management Report

The Directors present their report and the financial statement for the financial year ended March 31, 2011.

Financial results

US $

Particulars	2010-11	2009-10
Sales	**9,668,947**	6,554,782
Operating Loss	**743,621**	386,132
Net Loss	**220,850**	570,194

During the fiscal year, the company's sales income grew by over 48% compared to the last fiscal. Net loss for the year amounted to $220,850 as against a net loss of $570,194 during the last year. Due to the continuing operating losses of the company, at our request, our parent has waived the accumulated interest amounting to $532,122 on the loans taken from the parent. Of this the accumulated interest amounting to $427,041 for the period up to 31st March, 2010 has been carried as 'Interest written back' grouped under Other Income.

Market and Outlook

We have gained significant visibility and market reach thru participation in exhibitions, intensive marketing and sales activities as well as the use of our distributors. The number of customers has been increased significantly again over the past year. New products, being introduced in the year 2011-12 have a good potential in the market. Our strategy for market penetration through intensive account management, with the support of our distribution organization is paying out. We will continue to focus on providing a high quality, customer focused service on a local basis, which is showing positive results and will support our further growth. In addition, we are focusing our efforts on being a low cost manufacturer in order to support our business long term.

With the visible opportunities towards increased business growth and profitability, we expect business to improve significantly. Accumulated losses as of March 31, 2011 amounted to $2,665,180 and the auditors have commented that the ability of the company to continue as a going concern depends on temporary future funding by the parent shareholder. With the strong financials of our parent and its continuing support and the niche market opportunities ahead for our Nutra application forms, we are confident of continued funding from parent.

Equity Capital

During the year, equity capital of the company has increased by $10 and the Share Premium by $499,990 on issue of 1000 equity shares of the company @ $500 each to the parent, M/s.Divi's Laboratories Limited.

Directors

Dr. Murali K. Divi and Mr. N.V. Ramana continue as Directors of the company.

Responsibility Statement

In the opinion of the Directors, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the company as on March 31, 2011 and of the results of the business for the period . The Directors have taken all reasonable steps to prepare these financial statements on a going concern basis and the suitable accounting policies have been adopted consistently. Further, with the commencement of operations in the Nutra plant and the support of the parent organization and the ongoing efforts in qualification of the products by several strategic customers, the company is expected to grow its business and commence profitable operations within a reasonable time.

By Order of the Board

Dr. MURALI K. DIVI
Director

N.V. RAMANA
Director

11th May, 2011

Independent Auditors' Report

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To the Board of Directors of
Divis Laboratories (USA), Inc.
Morristown, New Jersey

We have audited the balance sheets of Divis Laboratories (USA), Inc. (the "Company") as of March 31, 2011 and 2010 and the related statements of income, expense and retained deficit, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Divis Laboratories (USA), Inc. as of March 31, 2011 and 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations; the Company has experienced a deficiency of cash from operations and lacks sufficient liquidity to continue operations. Those conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants

Englewood, New Jersey

MAY 11, 2011

Balance Sheet As At 31st March, 2011 and 2010

Particulars	31st March, 2011 (US $)	31st March, 2010 (US $)
ASSETS		
CURRENT ASSETS :		
Cash	**816,518**	496,372
Accounts receivable (net of allowance for doubtful accounts of $0 and $0 respectively)	**1,496,958**	1,500,398
Inventory	**4,218,732**	3,308,622
Reserve for insurance claims	**6,845**	16,550
Other current assets	**11,292**	8,175
Total Current Assets	**6,550,345**	5,330,117
PROPERTY, PLANT AND EQUIPMENT, (net of accumulated depreciation of $25,472 and $17,998, respectively)	**33,054**	24,365
OTHER ASSETS :		
Deferred taxes	**1,091,224**	995,494
Security deposits	**15,523**	3,000
Total Other Assets	**1,106,747**	998,494
Total Assests	**7,690,146**	6,352,976
LIABILITIES AND STOCKHOLDER'S DEFICIT		
CURRENT LIABILITIES :		
Accounts payable	**6,271,914**	4,190,363
Accrued expenses	**30,305**	466,566
Customer deposits	**-**	87,270
Loan payable - Parent company	**3,503,107**	4,003,107
Total Current Liabilities	**9,805,326**	8,747,306
STOCKHOLDER'S DEFICIT :		
Common stock, $.01 par value; 3,000 shares authorized, 2,000 and 1,000 shares issued and outstanding respectively	**20**	10
Capital in excess at par value	**549,980**	49,990
Retained deficit	**(2,665,180)**	(2,444,330)
Total Stockholder's Deficit	**(2,115,180)**	(2,394,330)
Total Liabilities and Stockholder's Deficit	**7,690,146**	6,352,976

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

Statements of Income and Expenses and Retained Deficit
For the years ended March 31, 2011 and 2010

(US $)

Particulars	**For the Year ended 31st March, 2011**	For the Year ended 31st March, 2010
SALES	**9,668,947**	6,554,782
COST OF GOODS SOLD :		
Product costs, net	**8,897,824**	5,736,625
Warehouse expense	**37,667**	20,197
Freight expense	**122,612**	85,462
Commissions	**81,851**	54,511
Total Cost of Goods Sold	**9,139,954**	5,896,795
GROSS PROFIT	**528,993**	657,987
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries - officers	**220,606**	219,030
Salaries - other	**446,846**	387,537
Payroll taxes	**42,891**	39,910
Pension	**19,026**	16,546
Office Rent	**38,251**	14,400
Telephone	**24,219**	25,706
Office and postage	**45,049**	21,704
Professional fees	**44,100**	41,332
Advertising	**87,846**	33,481
Insurance	**23,679**	14,059
Travel and entertainment	**142,314**	114,801
Employee benefits	**95,840**	74,082
Auto expense	**22,599**	18,324
Depreciation	**7,475**	5,506
Bad debt	**612**	8,851
Miscellaneous	**11,261**	8,850
Total Selling, General and Administrative Expenses	**1,272,614**	1,044,119
LOSS FROM OPERATIONS	**(743,621)**	(386,132)
OTHER REVENUE AND EXPENSES :		
Forgiveness of debt	**427,041**	-
Interest expense	**-**	129,958
LOSS BEFORE INCOME TAX	**(316,580)**	(516,090)
DEFERRED INCOME TAX	**(95,730)**	54,104
NET LOSS	**(220,850)**	(570,194)
RETAINED DEFICIT, Beginning	**(2,444,330)**	(1,874,136)
RETAINED DEFICIT, Ending	**(2,665,180)**	(2,444,330)

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

Statements of Cash Flows
For the years ended March 31, 2011 and 2010

(US $)

Particulars	**For the year ended 31st March, 2011**	For the year ended 31st March, 2010
CASH FLOWS FROM OPERATING ACTIVITES :		
Net loss	**(220,850)**	(570,194)
Adjustments to reconcile net income to net		
Cash provided by (used in) operating activities :		
Depreciation	**7,475**	5,506
Deferred taxes	**(95,730)**	(54,104)
Forgiveness of debt	**427,041**	-
Bad debt	**612**	8,851
Change in operating assests and liabilities :		
Change in accounts receivable	**2,829**	(1,019,685)
Change in inventory	**(900,405)**	693,755
Change in other current assets	**(3,117)**	(3,680)
Change in accounts payable	**2,081,551**	(41,466)
Change in accrued expenses	**(523,531)**	151,059
Net Cash provided by (used in) Operating Activities	**(775,875)**	(721,750)
CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(16,165)**	(647)
Deposit	**(12,523)**	87,270
Net Cash Provided by (Used in) Investing Activities	**(28,688)**	86,623
CASH FLOWS FROM FINANCING ACTIVITIES :		
Loan From Parent	**(927,041)**	858,600
Issuance of common stock	**500,000**	-
Net Cash Provided by (Used in) Financing Activities	**(427,041)**	858,600
NET CHANGE IN CASH AND EQUIVALENTS	**320,146**	223,473
CASH, Beginning	**496,372**	272,899
CASH, Ending	**816,518**	496,372
Supplemental Cash Flows Disclosure :		
Interest	-	-
Taxes	-	-

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC
Certified Public Accountants

Notes to Financial Statements March 31, 2011 and 2010

NOTE 1 - NATURE OF BUSINESS :

Organization :

Divis Laboratories (USA), Inc. (the "Company") was formed as a Delaware corporation in December 2005. The Company registered to do business in New Jersey on February 1, 2006. Divis Laboratories (USA), Inc. is a 100% owned subsidiary of Divis Laboratories Ltd. (India) ("Parent") and was formed to distribute dietary supplements and pharmaceutical ingredients in North America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

Accounts Receivable :

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs, collections, and current credit conditions. Management determined that an allowance for doubtful accounts was not required at March 31, 2011 and 2010. The allowance amounted to $0 at March 31, 2011 and 2010.

Inventories :

Inventories, which consist principally of dietary supplements, are considered finished goods inventory. This inventory is determined on weighted averages basis.

Property, Plant and Equipment :

Property, Plant and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line depreciation method. Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Income Taxes :

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The differences relate principally to net operating losses being carried forward to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation FASB ASC 740-10-50-15 *Accounting for Uncertainty in Income Taxes*. FASB ASC 740-10-50-15 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an entity's financial statements in accordance with FASB ASC 740-10-50-2, *Accounting for Income Taxes*.

FASB ASC 740-10-50-15 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. In December 2008, the FASB issued FASB ASC 740-10-65-1, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises, which allows deferral of FASB ASC 740-10-50-15 for cetain nonpublic enterprises* included within the FSP's scope to financial statements for fiscal years beginning after December 15,2008. The Company elected to defer implementation of FASB ASC 740-10-50-15.

The determination of uncertain tax positions in the accompanying financial statements uses the tax judgments as reported on the Company's tax returns which are based on the requirements for filling the returns. These filings may be subject to amendment or change during an examination by the various taxing authorities, which has not been considered in the determination of the Company's tax assets or liabilities included in the accompanying financial statements.

The Company does not expect that the adoption of FASB ASC 740-10-50-15 will have a material effect on its financial position, results of operations or cash flows.

The Company recorded a deferred tax asset as a result of cumulative net operating losses. The net operating losses at March 31, 2011 approximated $2,600,000 for both federal and state purposes and can be carried forward to offset future taxable income. The net operating losses begin expiring in 2027.

Concentration of Credit Risk :

At times, the Company maintained cash balances in excess of FDIC insurance limits.

Shipping and Handling Costs :

The Company has recorded shipping and handling costs as a component of cost of sales.

Advertising :

The Company recognizes advertising costs as they are incurred. Advertising expense amounted to $87,846 and $33,481 at March 31, 2011 and 2010, respectively.

Statement of Cash Flows :

The Company considers all investments with a maturity of three months or less at the time of acquisition to be cash. The Company has adopted the indirect method of presenting the statement of cash flows.

Use of Estimates :

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Reclassification :

Certain reclassifications have been made to the 2010 financial statements in order for them to conform to the 2011 financial statement presentation. Such reclassifications have no effect on net income as previously reported.

NOTE 3 - GOING CONCERN :

As shown in the accompanying financial statements, the Company incurred a loss of $220,850 for the year ended March 31, 2011. As of March 31, 2011, the Company's current liabilities exceed current assets by approximately $3,255,000 and the Company has an accumulated stockholder's deficit of $2,115,180. These factors raise substantial doubt about the company's ability to continue as a going concern.

The Company has relied solely on the support of its Parent Company and its Affiliates for financing the Company from its inception through March 31, 2011. Management expects that the support from the Parent will continue until such time as the company is profitable. Management's plans to achieve profitability include the continued development of current and new sales bases and the introduction of new, more profitable products in its current markets.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Company be unable to continue in existence. Continuation of the Company as a going concern is dependent upon the continued support from the Parent and its Affiliates and achieving profitable operations. There are no assurances that the Company will become profitable or that the parent will continue to finance the losses until the Company becomes profitable.

NOTE 4 - RELATED PARTIES :

The Company has received loans from the Parent Company for the purpose of funding operating expenses. During the year ending March 31, 2011 the company and the parent agreed not to charge interest on these loans payable. These loans are due on demand, however it is the Parents intention not to call these loans. Further, interest accrued in prior years was forgiven. The result of this transaction was a recognition of income in the amount of $427,041 as a forgiveness of debt.

Further the company issued an additional 1,000 common shares in exchange for debt. See note 8.

The Company purchases substantially all its inventory from the Parent Company or subsidiaries of the Parent Company. During the years ended March 31, 2011 and 2010, the Company purchased $9,807,593 and $5,874,105 of inventory from its Parent Company or the Parent's subsidiaries, respectively.

At March 31, 2011 and 2010, the Company has accounts payable related to the purchase of inventory of $6,244,285 and $4,171,331 respectively.

NOTE 5 - PENSION PLAN :

On January 1, 2006, the Company instituted a Simple IRA Plan which covers all eligible employees. The Company is obligated to make matching contributions to a maximum 3% of compensation. Pension expense amounted to $19,026 and $16,546, respectively, for the years ended March 31, 2011 and 2010.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT :

The following is a summary of property, plant and equipment at March 31, 2011 and 2010

2011	Cost	Accumulated Depreciation	Net
Computer equipment	$ 32,628	$ 15,939	$ 16,689
Equipment	5,263	4,290	973
Furniture and fixtures	20,635	5,243	15,392
	$ 58,526	$ 25,472	$ 33,054

2010	Cost	Accumulated Depreciation	Net
Computer equipment	$ 26,261	$ 11,541	$ 14,720
Equipment	5,263	3,265	1,998
Furniture and fixtures	10,839	3,192	7,647
	$ 42,363	$ 17,998	$ 24,365

Total depreciation expense for the years ended March 31, 2011 and 2010 is $7,475 and $5,506, respectively

NOTE 7 - COMMITMENTS AND CONTINGENCIES :

The Company leases premises in Florham Park, New Jersey for its office. The lease will expire on April 30, 2015. The Company entered into operating lease agreements for two vehicles expiring on December 10, 2013 and March 26, 2013.

Future minimum lease payments are as follows :

2012	$	67,793
2013		67,793
2014		57,524
2015		52,304
2016		4,359
		249,773

Rent expense for the years ended March 31, 2011 and 2010 was $38,251 and $14,400 respectively. Vehicle lease expense amounted to $16,140 and $14,580 for the years ended March 31, 2011 and 2010 repectively.

The Company has agreements with several of its employees which provide for, among other things, base salaries and benefits such as health insurance and pension matching. Each employment agreement includes a confidentiality clause pertaining to any internal, non public trade information.

NOTE 8 - COMMON STOCK :

During March 2011 the Parent and only shareholder invested an additional $500,000 of equity into the company. This was accomplished by converting $500,000 of loans payable into 1,000 shares of $.01 par common stock.

NOTE 9 - CONCENTRATIONS :

At March 31, 2011, the Company has three customers that accounted for approximately 20 percent of both sales and accounts receivable.

The Company purchases substantially its entire product from its parent company and the parent's subsidiaries. At March 31, 2011 and 2010, substantially all of the accounts payable was payable to the parent company and its subsidiaries.

NOTE 10 - SUBSEQUENT EVENTS :

Subsequent events have been evaluated through May 11, 2011, the date the financial statements were issued. No events have occurred subsequent to the statement of financial position date and through the date of issuance that would require adjustment to or disclosure in the accompanying financial statements.

Directors' Report

Management Report for Fiscal 2010 / 11

The Directors present their report and the financial statement for the business year ended March, 31 2011.

Financial results

CHF

Particulars	2010-11	2009-10
Net Sales	**2,869,007**	1,726,130
Operating Loss	**673,711**	468,188
Net Loss	**595,657**	591,131

During the fiscal year, the company's net sales income grew by over 66% compared to the last fiscal. Net loss for the year amounted to CHF 595,657 as against a net loss of CHF 591,131 during the last year. Due to the continuing losses of the company, at our request, our parent has waived the interest during the year on the loan from parent. Accumulated losses as of March 31, 2011 amounted to CHF 3,730,809. Our parent is in the process of infusing further capital into the company.

Market and Outlook

We have gained significant visibility and market reach by participating in Nutra exhibitions and trade shows and have already seen increase in the customer base. New products being introduced in the year 2011 - 12 have a good potential in the market. Our strategy for market penetration through a distribution agency with efficient customer service is showing positive results, which is expected to increase business.

Increase in the Operating loss for the year is on account of increase in expenses. In order to be competitive in the market, our parent has also revised transfer pricing. These steps would help achieve recovery to profitable operations during the next financial year.

The strong financials of our parent and its continuing support and the niche market opportunities ahead for our Nutra application forms would help the company tide over its current liquidity and adverse operations.

Directors

Mr. L. Kishore Babu continues as Director of the company.

Unusual Items after the financial year

No item transaction or event of the material nature has arisen during the period between the end of the financial year and the date of this report which would affect substantially the operations of the company during the current year.

Responsibility Statement

In the opinion of the Director and Managers, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the company as on March 31, 2011 and of the results of the business for the period. The Director and Managers have taken all reasonable steps to prepare these financial statements on a going concern basis and the suitable accounting policies have been adopted consistently. Further, with the commencement of operations in the Nutra plant and the support of the parent organization and the ongoing efforts in qualification of the products by several strategic customers, the company is expected to grow its business and commence profitable operations within a reasonable time.

By Order of the Board

L. Kishore Babu
Director

11th May, 2011

Auditors' Report

Ernst & Young

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To the Board of Directors of
Divi's Laboratories Europe AG, Basle

Basle, May 11, 2011

Report of the Independent auditor on the financial statements

As independent auditor and in accordance with your instructions, we have audited the acompanying financial statements of Divi's Laboratories Europe AG, which comprise the balance sheet, income statement and notes for the year ended 31 March 2011.

Board of Director's responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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.

Opinion

In our opinion, the financial statements for the year ended 31March 2011 comply with Swiss law and the company's articles of incorporation.

Without qualifying our opinion, we refer to the notes according to which the ability of the Company to continue as a going concern depends on the temporarily future funding by the shareholder and the successful realization of the business plan and is, therefore, uncertain.

We further state that the Company is over-indebted as of 31 March 2011. As the shareholder has subordinated his claims of CHF 4'000'000 as of 31 March 2011, the board of directors has refrained from notifying the judge.

Should there be no future funding by the shareholder or should the business plan not be realized as planned, the company's liquidity position and, in the worst case, its ability to continue as a going concern, might become impaired, and the financial statements would have to be prepared on liquidation values. In this case, the subordinated loans might not be sufficient anymore to avoid the consequences of art. 725 para 2. of the Swiss Code of Obligations (Co. Company Law).

In addition we emphasize that the loan in the amount of CHF 87'930.18 could violate article 680 para. 2 of the Swiss Code of Obligations to the extent that shareholders do not have the right to reclaim their contribution.

Ernst & Young Ltd

Jurg Zurcher	Daniel Maiwald
Licensed audit expert	Licensed audit expert
(Auditor Incharge)	

Balance Sheet As At 31st March, 2011

Particulars	**31st March, 2011 (CHF)**	31st March, 2010 (CHF)
ASSETS		
Cash	**251’486.39**	319’023.37
A/R Trade	**492’497.93**	131’638.11
A/R Intercompany Divi’s Lab Ltd / Divis USA	**87’930.18**	410’126.91
Prepaid Expenses & Deposits	**170’012.90**	119’173.98
Inventories	**2’134’606.22**	942’806.33
Current Assets	**3’136’533.62**	1’922’768.70
Fixed Assets	**27’876.70**	26’497.70
Less: Accumulated Depreciation	**(11’911.60)**	(10’542.00)
Setting-up costs	**14’325.70**	14’325.70
Less: Setting-up costs written-off	**(14’325.70)**	(14’325.70)
Fixed Assets, net	**15’965.10**	15’955.70
Total	**3’152’498.72**	1’938’724.40
LIABILITIES & EQUITY		
A/P Trade	**353’015.55**	77’025.99
A/P Intercompany Divi’s Lab Ltd. USA	**44’218.56**	45’293.84
A/P Intercompany Divi’s Lab. Ltd. India	**2’356’995.47**	818’628.34
Accruals	**29’078.53**	32’929.00
Current Liabilities	**2’783’308.11**	973’877.17
Subordinated A/P Intercompany Divi’s Lab. Ltd. India	**4’000’000.00**	4’000’000.00
Non Current Liabilities	**4’000’000.00**	4’000.000.00
Capital	**100’000.00**	100’000.00
Retained Earnings	**(3’135’152.77)**	(2’544’021.86)
Net Loss	**(595’656.62)**	(591’130.91)
Stockholder’s Equity	**(3’630’809.39)**	(3’035’152.77)
Total	**3’152’498.72**	1’938’724.40

Statement of Income

Particulars	**1.4.10 - 31.3.2011 CHF**	1.4.09 - 31.3.2010 CHF
Sales	**3'138'217.57**	1'869'692.40
Carriage and freight outward	**(269'211.06)**	(143'562.40)
Sales	**2'869'006.51**	1'726'130.00
Material costs and stock adjustments	**2'971'544.87**	1'635'425.09
Material costs	**2'971'544.87**	1'635'425.09
Production profit	**(102'538.36)**	90'704.91
Personnel	**308'363.93**	309'980.15
Recruiting, Travel & Memberships	**26'997.85**	27'678.92
Outside Services	**90'379.05**	107'248.25
Marketing and promotional	**59'963.07**	31'322.90
R&M, Utilities, Insurance	**81'779.48**	80'013.12
Depreciation	**3'689.60**	2'650.00
Expenses	**571'172.98**	558'893.34
Operating Loss	**(673'711.34)**	(468'188.43)
Interest Income	**291.54**	301.56
Interest Expense	**-**	(153'747.15)
Miscellaneous Expenses	**1'014.00**	-
Miscellaneous Income	**-**	23'428.66
Currency Differences	**77'274.18**	7'599.45
Property and Income Taxes	**(525.00)**	(525.00)
Net Loss	**(595'656.62)**	(591'130.91)

			1.4.10 - 31.3.11	1.4.09 - 31.3.10
			CHF	CHF
1. Accounts drawn on accrual basis to Swiss GAAP				
2. Unrealized currency gains as of March 31st 2011 on forex exposures, loans from parent have not been booked				
3. Leasing Liabilities			**32'855**	3'864
4. Fire Insurance Value :			**750'000**	750'000
5. Calculation of Current Tax				
Capital Tax	Rate			
	0.525%	100'000	**525**	525

6. Depreciation is charged at the following rates:

   a) Assets valuing individually not more than CHF 150 have been written-off 100%

   b) Furniture & Fixtures - 6.33% on Straight Line Method proportionate from purchase date

   c) Computers/peripherals - 16.21% on Straight Line Method proportionate from purchase date

   d) Other Equipment - 4.75% on Straight Line Method proportionate from purchase date

7. Deferred Taxation :

   Deferred Tax Asset/Liability calculated and recognised to the extent of reasonable certainty of realisation as per applicable local laws

8. Explanation of the board of directors with regard to the business and the going concern of the Company

   These financial statements were prepared on a going concern basis which the Company's board of directors believes to be appropriate, in spite of the significant losses suffered to date. The board of directors took the following remedials actions:

   - elaboration of a business plan and cash budget in which break-even is expected in the subsequent six until Twelve months period.
   - conclusion of new sales agreements in accordance with the business plan
   - market penetration via distribution has been decided and implemented
   - interim funding by the shareholder in order to enable and finance the sales to Divi's Lab Ltd., USA

   The board of directors is convinced of the success of the actions taken and the business. However, should these remedial actions not be successful, this will have a material effect upon the Company and could likely result in an inability to continue as a going concern.

   The Company is over-indebted as of 31 March 2011. As the shareholder, Divi's Lab. Ltd, India has subordinated his claims of CHF 4'000'000 to the claims of other creditors, the board of directors according to article 725 para 2 of the Swiss Code of Obligation (CO, Company Law) renounced to inform the judge.

9. The board of directors regularly performs a risk assessment (the status of the projects is assessed) and assesses the respective measures taken to minimize the risk of a material misstatement in the financial statements.

   The board of directors has not formally documented the risk assessment.

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