
BR PHARMA INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2005**



BR PHARMA INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTORS	B Rabin R Rabin J Rabin
SECRETARY	R Rabin
COMPANY NUMBER	3591021
REGISTERED OFFICE	Old Station Road Loughton Essex IG10 4PL
AUDITORS	Haslers Chartered Accountants & Registered Auditors Old Station Road Loughton Essex IG10 4PL
BANKERS	Barclays Bank plc 114 Fenchurch Street London

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BR PHARMA INTERNATIONAL LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2005

The directors present their report and the financial statements for the year ended 30 June 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principle activity of the company continued to be that of the wholesale of pharmaceutical products.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,334,825 (2004 - £2,386,258) .

The directors recommend that no dividend be declared for the year ended 30 June 2005 (2004 - nil). During the year, a previously declared dividend of £1,466,666 was waived by the shareholders.

DIRECTORS

The directors who served during the year and their beneficial and non-beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each		'A' Ordinary shares of 1p each	
	<u>30/6/05</u>	<u>1/7/04</u>	<u>30/6/05</u>	<u>1/7/04</u>
B Rabin	6,500	8,000	-	-
R Rabin	-	6,500	-	-
J Rabin	6,500	6,500	-	-

BR PHARMA INTERNATIONAL LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2005

	Redeemable preference shares of £1 each	
	<u>30/6/05</u>	<u>1/7/04</u>
B Rabin	6,285,000	-
R Rabin	-	-
J Rabin	3,937,500	-

ADDITIONAL INFORMATION

B Rabin has no beneficial interest (2004 - 1,500) in ordinary 1p shares. As at 30 June 2005 B Rabin has a beneficial interest in 2,347,500 redeemable £1 preference shares (2004 - nil).

B Rabin has a non-beneficial interest as a trustee of The Rabin Family Children's Trust in 6,500 ordinary 1p shares (2004 - 6,500) and 3,937,500 redeemable £1 preference shares (2004 - nil).

J Rabin has a beneficial interest as a beneficiary of The Rabin Family Children's Trust in 6,500 ordinary 1p shares (2004 - 6,500) and 3,937,500 redeemable £1 preference shares (2004 - nil).

As at 30 June 2005 3,500 (2004 - 2,000) 'A' Ordinary 1p shares are held, on a non-beneficial basis, by SIP Trustees Limited on behalf of the BR Pharma International Limited SIP. The directors of the SIP Trustees Limited are Mr M J Anderson and Mrs C P Munro who are both partners in Haslers, auditors of our company. Neither of the partners have any involvement in the audit of our company.

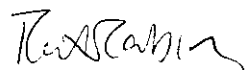
AUDITORS

The auditors, Haslers, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

TAXATION STATUS

The company was a close company within the provisions of the Income and corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

This report was approved by the board on 12 December 2005 and signed on its behalf.



R Rabin
Secretary

BR PHARMA INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BR PHARMA INTERNATIONAL LIMITED

We have audited the financial statements of BR Pharma International Limited for the year ended 30 June 2005 set out on pages 5 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

BR PHARMA INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BR PHARMA INTERNATIONAL LIMITED

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Haslers**

Chartered Accountants
Registered Auditors

Old Station Road
Loughton
Essex
IG10 4PL

Date:

12 December 2005

BR PHARMA INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2005

	Note	2005 £	2004 £
TURNOVER	1, 2	24,500,786	20,608,247
Cost of sales		<u>(20,161,547)</u>	<u>(16,276,241)</u>
GROSS PROFIT		4,339,239	4,332,006
Selling and distribution costs		(12,563)	(5,062)
Administrative expenses		<u>(1,063,709)</u>	<u>(999,712)</u>
OPERATING PROFIT	3	3,262,967	3,327,232
Income from other fixed asset investments		70,115	46,036
Interest receivable		4,312	8,018
Interest payable	6	<u>(490)</u>	<u>(36)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,336,904	3,381,250
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(1,002,079)	(994,992)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,334,825	2,386,258
DIVIDENDS - On equity shares	8	1,466,666	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	£ 3,801,491	£ 2,386,258

All amounts relate to continuing operations.

There were no recognised gains and losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

BR PHARMA INTERNATIONAL LIMITED
BALANCE SHEET
As at 30 June 2005

	Note	2005	2004
		£	£
FIXED ASSETS			
Tangible fixed assets	9	211,446	167,765
CURRENT ASSETS			
Stocks	10	2,952,872	2,428,450
Debtors	11	4,689,734	2,304,039
Deferred tax asset	15	406,000	-
Investments	12	1,109,446	440,184
Cash at bank and in hand		1,895	1,251,326
		<u>9,159,947</u>	<u>6,423,999</u>
CREDITORS: amounts falling due within one year	13	<u>(3,335,305)</u>	<u>(7,442,691)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>5,824,642</u>	<u>(1,018,692)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,036,088</u>	<u>(850,927)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	(28,600)	(11,521)
NET ASSETS/(LIABILITIES)		<u><u>£ 6,007,488</u></u>	<u><u>£ (862,448)</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	6,285,100	100
Other reserves	17	(7,728,555)	(4,512,000)
Profit and loss account	17	7,450,943	3,649,452
SHAREHOLDERS' FUNDS	18	<u><u>£ 6,007,488</u></u>	<u><u>£ (862,448)</u></u>

Shareholders' funds include non-equity interests.

The financial statements were approved by the board on 12 December 2005 and signed on its behalf.



J Rabin
 Director

The notes on pages 8 to 19 form part of these financial statements.

BR PHARMA INTERNATIONAL LIMITED
CASH FLOW STATEMENT
For the year ended 30 June 2005

	Note	2005 £	2004 £
Net cash flow from operating activities	19	(2,520,109)	5,817,140
Returns on investments and servicing of finance	20	73,937	54,018
Taxation		-	1
Capital expenditure and financial investment	20	(752,964)	1,213,957
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(3,199,136)	7,085,116
Financing	20	1,677,445	(6,432,000)
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (1,521,691)	£ 653,116

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 21)
For the year ended 30 June 2005

	2005 £	2004 £
(Decrease)/Increase in cash in the year	(1,521,691)	653,116
MOVEMENT IN NET DEBT IN THE YEAR	(1,521,691)	653,116
Net funds at 1 July 2004	1,251,326	598,210
NET (DEBT)/FUNDS AT 30 JUNE 2005	£ (270,365)	£ 1,251,326

The notes on pages 8 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	15 - 33.3%% reducing balance

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.7 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.9 Contributions to Share Incentive Plan (SIP)

In accordance with UTIF 38, contributions to the SIP are not recognised in the Profit & Loss account until such time as the shares vest unconditionally with the employees.

1.10 Investments

Current assets investments are stated at the lower of cost and net realisable value.

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
2. TURNOVER

The whole of the turnover is attributable to the wholesale of pharmaceutical products.

A geographical analysis of turnover is as follows:

	2005 £	2004 £
Sales - UK	24,335,359	20,240,022
Sales - Other EU	20,420	368,225
Sales - Rest of world	145,007	-
	<u>£24,500,786</u>	<u>£20,608,247</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets:		
- owned by the company	40,021	33,205
Auditors' remuneration	11,853	10,000
Operating lease rentals:		
- other operating leases	85,430	80,056
Difference on foreign exchange	32,011	130
	<u>£ 169,315</u>	<u>£ 123,391</u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2005 £	2004 £
Wages and salaries	464,350	214,109
Social security costs	37,922	14,627
Other pension costs	1,781	1,781
	<u>£ 504,053</u>	<u>£ 230,517</u>

The average monthly number of employees, including directors, during the year was as follows:

	2005	2004
Administration	13	8
Production	31	12
	<u>44</u>	<u>20</u>

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
5. DIRECTORS' REMUNERATION

	2005 £	2004 £
Emoluments	£ -	£ 10,667

6. INTEREST PAYABLE

	2005 £	2004 £
On bank loans and overdrafts	£ 490	£ 36

7. TAXATION

	2005 £	2004 £
Analysis of tax charge/(credit) in year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/(loss) of the year	-	(924,015)
Adjustments in respect of prior periods	-	(46)
Total current tax	-	(924,061)
Deferred tax		
Origination and reversal of timing differences (see note 14)	17,079	(947)
Deferred tax asset in respect of losses carried forward (see note 15)	(406,000)	-
Provision for deferred tax on purchase of own shares (see note 17)	1,391,000	1,920,000
Total deferred tax	1,002,079	1,919,053
Tax on profit on ordinary activities	£ 1,002,079	£ 994,992

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	3,336,904	3,381,250
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2004 - 30)	1,001,071	1,014,375
Effects of:		
Expenses not deductible for tax purposes	2,915	1,617
Capital allowances for period in excess of depreciation	(4,615)	(5,576)
Utilisation of tax losses	403,931	8,980
Adjustments to tax charge in respect of prior periods	-	(46)
Dividends and distributions received	(21,035)	(13,811)
Other tax adjustments	(1,382,267)	(1,929,600)
Current tax charge/(credit) for year (see note above)	£ -	£ (924,061)

Factors that may affect future tax charges

The company has estimated tax losses of £1,353,175 (2004: £8,488) available to carry forward against future trading profits. A deferred tax asset has been recognised at the standard rate of corporation tax in the UK applicable to the company (See note 15).

8. DIVIDENDS

	2005 £	2004 £
On equity shares		
Total dividends waived	£ 1,466,666	£ -

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
9. TANGIBLE FIXED ASSETS

	Plant and machinery	Furniture, fittings and equipment	Total
	£	£	£
Cost			
At 1 July 2004	16,759	213,794	230,553
Additions	5,900	77,802	83,702
At 30 June 2005	<u>22,659</u>	<u>291,596</u>	<u>314,255</u>
Depreciation			
At 1 July 2004	2,514	60,274	62,788
Charge for the year	3,022	36,999	40,021
At 30 June 2005	<u>5,536</u>	<u>97,273</u>	<u>102,809</u>
Net book value			
At 30 June 2005	<u>£ 17,123</u>	<u>£ 194,323</u>	<u>£ 211,446</u>
At 30 June 2004	<u>£ 14,245</u>	<u>£ 153,520</u>	<u>£ 167,765</u>

10. STOCKS

	2005 £	2004 £
Finished goods and goods for resale	<u>£ 2,952,872</u>	<u>£ 2,428,450</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11. DEBTORS

	2005 £	2004 £
Trade debtors	4,538,062	2,163,030
Other debtors	47,155	94,952
Prepayments and accrued income	104,517	46,057
	<u>£ 4,689,734</u>	<u>£ 2,304,039</u>

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
12. CURRENT ASSET INVESTMENTS

	2005 £	2004 £
Unlisted investments	£ 1,109,446	£ 440,184

Unlisted investments represent cash held in Global Treasury Funds.

13. CREDITORS:
Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	272,260	-
Trade creditors	650,575	592,344
Social security and other taxes	900,983	414,029
Proposed dividend	-	1,466,666
Other creditors	1,321,434	4,680,533
Accruals and deferred income	190,053	289,119
	£ 3,335,305	£ 7,442,691

14. DEFERRED TAXATION LIABILITY

	2005 £	2004 £
At 1 July 2004	11,521	12,469
Charge for/(released during) the year	17,079	(948)
At 30 June 2005	£ 28,600	£ 11,521

The deferred tax provision is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	28,600	11,521
	£ 28,600	£ 11,521

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
15. DEFERRED TAXATION ASSET

	2005 £	2004 £
At 1 July 2004	-	-
Credit for the year	406,000	-
At 30 June 2005	<u>£ 406,000</u>	<u>£ -</u>

The deferred tax credit is made up as follows:

	2005 £	2004 £
Tax losses available	<u>£ 406,000</u>	<u>£ -</u>

16. SHARE CAPITAL

	2005 £	2004 £
Authorised		
- Ordinary shares of 1p each	-	-
51,500 Ordinary shares of 1p each	515	80
48,500 'A' Ordinary shares of 1p each	485	20
13,500,000 Redeemable preference shares shares of £1 each	13,500,000	-
	<u>£13,501,000</u>	<u>£ 100</u>
Allotted, called up and fully paid		
6,500 Ordinary shares of 1p each	65	80
3,500 'A' Ordinary shares of 1p each	35	20
6,285,000 Redeemable preference shares shares of £1 each	6,285,000	-
	<u>£ 6,285,100</u>	<u>£ 100</u>

During the year 1,500 ordinary 1p shares were converted to 1,500 ordinary 'A' shares of 1p each.

In addition, 6,285,000 non-cumulative redeemable preference shares of £1 each were issued and paid for in full at par value.

The redeemable preference shares issued and fully paid in the year may be redeemed at any time, in whole or in part, upon giving the shareholders not less than three months written notice. The company shall redeem the whole of the preference shares still outstanding on 30 June 2014. All preference shares are to be redeemed at par value.

The non-equity redeemable preference shares issued carry a right to a non-cumulative dividend of 3% of their nominal value per annum payable on 30 June after their issue. These shares carry no voting rights.

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
17. RESERVES

Profit and loss account	£
At 1 July 2004	3,649,452
Profit retained for the year	3,801,491
	<u>£ 7,450,943</u>
At 30 June 2005	
Other reserves	£
At 1 July 2004	(4,512,000)
SIP contribution in the year	(3,216,555)
	<u>£ (7,728,555)</u>
At 30 June 2005	

	2005
	£
At 1 July 2004:	
Shares acquired by SIP	(6,432,000)
Deferred tax thereon	1,920,000
Movements in year:	
Shares acquired by SIP	(4,607,555)
Deferred tax thereon	1,391,000
Total	£ (7,728,555)

Investment in Own Shares

	Shares held in trust	Nominal Value	Cost	Total
	Number	£	£	£
At 30 June 2004	2,000	20	6,432,000	6,432,000
Shares Purchased	1,500	15	4,607,555	4,607,555
Provision for diminution in value	-	-	-	-
Awarded by the QUEST	-	-	-	-
Revaluation in the year	-	-	-	-
At 30 June 2005	<u>3,500</u>	<u>35</u>	<u>11,039,555</u>	<u>11,039,555</u>

The BR Pharma International Limited share incentive plan was established to purchase shares for the benefit of employees.

During the year, SIP Trustees Limited purchased, on behalf of the BR Pharma International Limited SIP, 1,500 1p 'A' Ordinary shares from B Rabin, a director of the company at a cost of £4,607,555.

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the year	2,334,825	2,386,258
Dividends	1,466,666	-
	<u>3,801,491</u>	<u>2,386,258</u>
Shares issued during the year	6,285,000	-
SIP payment in the year	(4,607,555)	(6,432,000)
Deferred tax thereon	1,391,000	1,920,000
	<u>6,869,936</u>	<u>(2,125,742)</u>
Opening shareholders' funds	(862,448)	1,263,294
Closing shareholders' funds	<u>£ 6,007,488</u>	<u>£ (862,448)</u>
Analysis of shareholders' funds		
Non-equity interests	6,285,000	-
Equity interests	(277,512)	(862,448)
	<u>£ 6,007,488</u>	<u>£ (862,448)</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	3,262,967	3,327,232
Depreciation of tangible fixed assets	40,021	33,205
Loss on disposal of tangible fixed assets	-	21,567
Increase in stocks	(524,422)	(1,740,324)
Increase in debtors	(2,600,695)	(199,558)
(Decrease)/increase in creditors	(2,697,980)	4,375,018
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	<u>£(2,520,109)</u>	<u>£ 5,817,140</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £	2004 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	4,312	8,018
Interest paid	(490)	(36)
Dividends received	70,115	46,036
	<u>73,937</u>	<u>54,018</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ 73,937	£ 54,018
	2005 £	2004 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(83,702)	(154,522)
Sale of tangible fixed assets	-	400
Purchase of short term unlisted investments	(669,262)	-
Sale of short term unlisted investments	-	1,368,079
	<u>(752,964)</u>	<u>1,213,957</u>
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	£ (752,964)	£ 1,213,957
	2005 £	2004 £
FINANCING		
Issue of non-equity shares	6,285,000	-
Purchase of own shares	(4,607,555)	(6,432,000)
	<u>1,677,445</u>	<u>(6,432,000)</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	£ 1,677,445	£ (6,432,000)

21. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2004 £	Cash flow £	Other non-cash changes £	30 June 2005 £
Cash at bank and in hand:	1,251,326	(1,249,431)	-	1,895
Bank overdraft	-	(272,260)	-	(272,260)
	<u>1,251,326</u>	<u>(1,521,691)</u>	<u>-</u>	<u>(270,365)</u>
NET FUNDS/(DEBT)	£ 1,251,326	£ (1,521,691)	£ -	£ (270,365)

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2005
22. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,781 (2004 £1,781). No contributions were payable to the fund at the balance sheet date.

23. OPERATING LEASE COMMITMENTS

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Between 2 and 5 years	-	120,000
After more than 5 years	120,000	-
	<u>120,000</u>	<u>-</u>

24. TRANSACTIONS WITH DIRECTORS

At the year end there are interest free loans from the following directors to the company:

B Rabin £176,200 (2004 £2,346,853),

R Rabin £36,202 (2004 £ 1,723,702),

J Rabin £544,882 (2004 £ 3,701).

During 2004 there were interest free loans from the company to the directors which were fully repaid by 30 June 2004. The maximum overdrawn position during the year was as follows:

B Rabin £nil (2004 £190,476),

R Rabin £nil (2004 £654,496),

J Rabin £nil (2004 £654,496).

There is a personal guarantee by the directors for the bank facility which is secured by a legal charge on the property owned by the directors.

During the year, rent was paid to the directors amounting to £120,000 (2004 £77,333) in respect of the property from which the company trades. Of this £40,000 (2004 £20,000) was recharged to BR Pharma Limited.

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25. RELATED PARTY TRANSACTIONS

The following related parties existed during the period:

Under the common control of B Rabin, R Rabin and J Rabin:

BR Pharma Limited

CD Pharma Limited

Biovent LLP (incorporated 16 September 2005)

Rabin Partnership

All the above companies are incorporated in England & Wales.

B Rabin is a director and 50% shareholder of Chilla Parma GmbH incorporated in Germany.

At the year end, the following balances were due from/(to) the related parties:

	2005	2004
	£	£
BR Pharma Limited	(555,899)	(605,208)
Chilla Pharma GmbH	47,155	94,952
Rabin Partnership	(7,750)	-

The BR Pharma Limited loan is interest free. Interest is charged on the Chilla Pharma GmbH loan which amounted to £nil during the year (2004 £3,167).

A contribution towards overheads totalling £30,700 (2004 £115,000) was received by BR Pharma International Limited from BR Pharma Limited during the year.

The balance due to the Rabin Partnership at the year end represents net unpaid rent due to the directors of the company.