
BR PHARMA INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2007

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BR PHARMA INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTORS	J Rabin SA Glanvill
SECRETARY	F Rabin
COMPANY NUMBER	3591021
REGISTERED OFFICE	Haslers 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

BR PHARMA INTERNATIONAL LIMITED

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BR PHARMA INTERNATIONAL LIMITED

DIRECTORS' REPORT
for the year ended 30 June 2007

The directors present their report and the financial statements for the year ended 30 June 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the group continued to be that of the wholesale of pharmaceutical products.

BUSINESS REVIEW

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

On 16 June 2007, the company acquired 700 Ordinary £1 shares in Pharmakon Limited. These shares had previously been held by J Rabin, and were purchased via a share exchange. On this date Pharmakon became a subsidiary of B R Pharma International Limited.

The directors consider the key financial performance indicators for this company to be turnover, gross margin and profit before tax. Turnover for the group has decreased by 33% in the year, and this is due to natural trade fluctuations. The gross margin has fallen in the year and is 13.4% compared to 15.2% last year. The directors feel that such a variation is reasonable given the varying margins made over the course of a product's lifetime and also from product to product.

Pre tax profit in the year has decreased from £3,729,563 to £1,627,334. Pharmakon Limited has contributed little to the consolidated profits for the group this year, as it became a subsidiary company less than a month before the year end.

RESULTS

The profit for the year, after taxation and minority interests, amounted to £1,215,876 (2006 - £1,809,056).

BR PHARMA INTERNATIONAL LIMITED

DIRECTORS' REPORT
for the year ended 30 June 2007

DIRECTORS

The directors who served during the year were

J Rabin
SA Glanvill

FINANCIAL INSTRUMENTS

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity risk and interest rate risk

The company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs, and as such no hedge accounting is applied

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of directors. The department have guidelines, agreed by the directors, to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company's policy does not demand that these exposures be hedged in order to fix the cost in sterling. However foreign currency bank accounts are maintained for ease of trade. Given the size of the company, the cost of managing exposure to foreign currency risk is considered to exceed the potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business

Interest rate risk

The company has both interest bearing assets and liabilities. Interest bearing assets include only cash balances that earn interest at a fixed monthly rate

BR PHARMA INTERNATIONAL LIMITED

DIRECTORS' REPORT
for the year ended 30 June 2007

PROVISION OF INFORMATION TO AUDITORS

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the group's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITORS

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

This report was approved by the board on 7 April 2008 and signed on its behalf



J Rabin
Director

BR PHARMA INTERNATIONAL LIMITED

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

We have audited the group and parent company financial statements (the "financial statements") of BR Pharma International Limited for the year ended 30 June 2007, set out on pages 6 to 26. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 Auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the group 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

**HASLERS**

Chartered Accountants
Registered Auditors

Old Station Road
Loughton
Essex
IG10 4PL

7 April 2008

BR PHARMA INTERNATIONAL LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2007

	Note	2007 £	2006 £
TURNOVER	1,2	20,651,019	30,756,491
Cost of sales		<u>(17,875,428)</u>	<u>(26,087,850)</u>
GROSS PROFIT		2,775,591	4,668,641
Selling and distribution costs		(11,210)	(13,535)
Administrative expenses		(1,519,682)	(1,167,568)
Other operating income	3	<u>182,616</u>	<u>100,000</u>
OPERATING PROFIT	4	1,427,315	3,587,538
Income from other fixed asset investments		190,036	131,657
Interest receivable		10,082	11,446
Interest payable	8	<u>(99)</u>	<u>(1,078)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,627,334	3,729,563
Tax on profit on ordinary activities	9	<u>(764,845)</u>	<u>(1,920,507)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		862,489	1,809,056
Minority interests		<u>353,387</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	20	<u>1,215,876</u>	<u>1,809,056</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss Account

The notes on pages 11 to 26 form part of these financial statements

BR PHARMA INTERNATIONAL LIMITED
CONSOLIDATED BALANCE SHEET
as at 30 June 2007

	Note	£	2007	£	£	2006	£
FIXED ASSETS							
Intangible fixed assets	10			8,176,915			-
Tangible fixed assets	11			162,517			182,836
				<u>8,339,432</u>			<u>182,836</u>
CURRENT ASSETS							
Stocks	13		4,589,717			4,483,114	
Debtors amounts falling due after more than one year	14		855,000			160,000	
Debtors amounts falling due within one year	14		5,102,422			3,701,095	
Investments	15		3,180,211			41,746	
Cash at bank and in hand			5,951			3,970,047	
			<u>13,733,301</u>			<u>12,356,002</u>	
CREDITORS amounts falling due within one year	16		(11,076,693)			(9,353,544)	
NET CURRENT ASSETS				<u>2,656,608</u>			<u>3,002,458</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>10,996,040</u>			<u>3,185,294</u>
PROVISIONS FOR LIABILITIES							
Deferred tax	17			(26,200)			(27,800)
NET ASSETS				<u>10,969,840</u>			<u>3,157,494</u>

BR PHARMA INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2007

	Note	2007	2006
		£	£
CAPITAL AND RESERVES			
Called up share capital	19	4,785,104	5,535,100
Share premium account	20	10,338,996	-
Capital redemption reserve	20	1,500,000	-
Other reserves	20	(15,041,026)	(11,637,605)
Profit and loss account	20	8,975,875	9,259,999
SHAREHOLDERS' FUNDS	21	10,558,949	3,157,494
MINORITY INTERESTS		410,891	-
		<u>10,969,840</u>	<u>3,157,494</u>

Shareholders' funds include non-equity interests

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 April 2008



J Rabin
Director

The notes on pages 11 to 26 form part of these financial statements

BR PHARMA INTERNATIONAL LIMITED
COMPANY BALANCE SHEET
as at 30 June 2007

	Note	£	2007	£	£	2006	£
FIXED ASSETS							
Tangible fixed assets	11			162,517			182,836
Fixed asset investments	12			15,890,596			5,500,001
				<u>16,053,113</u>			<u>5,682,837</u>
CURRENT ASSETS							
Stocks	13		3,102,291			4,483,114	
Deferred tax asset	14		200,000			160,000	
Debtors amounts falling due within one year	14		25,878,174			22,778,890	
Investments	15		3,180,211			41,746	
Cash at bank and in hand			1,001			3,970,047	
			<u>32,361,677</u>			<u>31,433,797</u>	
CREDITORS amounts falling due within one year	16		(10,778,633)			(9,207,692)	
NET CURRENT ASSETS				<u>21,583,044</u>			<u>22,226,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>37,636,157</u>			<u>27,908,942</u>
PROVISIONS FOR LIABILITIES							
Deferred tax	17			(26,200)			(27,800)
NET ASSETS				<u>37,609,957</u>			<u>27,881,142</u>
CAPITAL AND RESERVES							
Called up share capital	19			4,785,104			5,535,100
Share premium account	20			10,338,996			-
Capital redemption reserve	20			1,500,000			-
Other reserves	20			(8,134,555)			(7,798,555)
Profit and loss account	20			29,120,412			30,144,597
SHAREHOLDERS' FUNDS	21			<u>37,609,957</u>			<u>27,881,142</u>

Shareholders' funds include non-equity interests

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 April 2008



J Rabin
Director

The notes on pages 11 to 26 form part of these financial statements

BR PHARMA INTERNATIONAL LIMITED
CASH FLOW STATEMENT
for the year ended 30 June 2007

	Note	2007 £	2006 £
Net cash flow from operating activities	22	(2,834,594)	3,034,868
Returns on investments and servicing of finance	23	964,297	142,025
Capital expenditure and financial investment	23	(11,755,840)	1,063,520
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(13,626,137)	4,240,413
Financing	23	8,839,000	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(4,787,137)	4,240,413

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
for the year ended 30 June 2007

	2007 £	2006 £
(Decrease)/Increase in cash in the year	(4,787,137)	4,240,413
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	750,000	(750,000)
MOVEMENT IN NET DEBT IN THE YEAR	(4,037,137)	3,490,413
Net funds/(debt) at 1 July 2006	3,220,047	(270,366)
NET (DEBT)/FUNDS AT 30 JUNE 2007	(817,090)	3,220,047

The notes on pages 11 to 26 form part of these financial statements

BR PHARMA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

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 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of BR Pharma International Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	5%	straight line
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1.5 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

1.6 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment

1.7 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

BR PHARMA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1 ACCOUNTING POLICIES (continued)

1 9 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1 10 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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 gains and losses are recognised in the profit and loss account

1 11 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 12 CONTRIBUTIONS TO SHARE INCENTIVE PLAN (SIP)

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

2 TURNOVER

A geographical analysis of turnover is as follows

	2007 £	2006 £
United Kingdom	19,379,253	30,529,866
Rest of European Union	1,271,766	226,625
	<u>20,651,019</u>	<u>30,756,491</u>

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
3 OTHER OPERATING INCOME

	2007 £	2006 £
Other operating income	<u>182,616</u>	<u>100,000</u>

4 OPERATING PROFIT

The operating profit is stated after charging

	2007 £	2006 £
Amortisation - intangible fixed assets	430,364	-
Depreciation of tangible fixed assets		
- owned by the company	32,106	34,640
Operating lease rentals		
- other operating leases	46,945	56,396
Difference on foreign exchange	-	36,706
	<u> </u>	<u> </u>

5 AUDITORS' REMUNERATION

	2007 £	2006 £
Fees payable to the company's auditor for the audit of the company's annual accounts	13,500	13,747
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company pursuant to legislation	675	3,500
Other services relating to taxation	3,690	(2,168)
All other services	430,869	558,179
	<u> </u>	<u> </u>

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
6 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Wages and salaries	476,807	624,303	476,807	624,303
Social security costs	37,687	59,765	37,687	59,765
Other pension costs	(148)	148	(148)	148
	514,346	684,216	514,346	684,216

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

	GROUP		COMPANY	
	2007	2006	2007	2006
	No	No	No	No
Administration	7	15	7	15
Production	23	30	23	30
	30	45	30	45

7 DIRECTORS' REMUNERATION

	2007	2006
	£	£
Emoluments	40,000	-

8 INTEREST PAYABLE

	2007	2006
	£	£
On bank loans and overdrafts	99	1,078

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
9 TAXATION

	2007 £	2006 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	2,836	-
DEFERRED TAX		
Origination and reversal of timing differences	(1,600)	(800)
Deferred tax asset in respect of losses carried forward	(695,000)	246,000
Provision for deferred tax on SIP contributions	1,458,609	1,675,307
TOTAL DEFERRED TAX (see note 17)	762,009	1,920,507
TAX ON PROFIT ON ORDINARY ACTIVITIES	764,845	1,920,507

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28 132%)
The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	1,627,334	3,729,563
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 132% (2006 - 30%)	457,802	1,118,869
EFFECTS OF		
Expenses not deductible for tax purposes	123,037	4,343
Capital allowances for year in excess of depreciation	1,984	1,380
Utilisation of tax losses	860,574	166,745
Rollover relief on profit on disposal of fixed assets	(476)	(555)
Dividends and distributions received	(53,461)	(39,497)
SIP contribution relieved in the year	(1,386,624)	(1,251,285)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	2,836	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has tax losses and has made further SIP contributions, which are available to offset against future profits

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
10 INTANGIBLE FIXED ASSETS

	Goodwill £
GROUP	
COST	
At 1 July 2006	-
Additions	8,607,279
At 30 June 2007	8,607,279
AMORTISATION	
At 1 July 2006	-
Charge for the year	430,364
At 30 June 2007	430,364
NET BOOK VALUE	
At 30 June 2007	8,176,915
At 30 June 2006	-

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
11 TANGIBLE FIXED ASSETS

	Plant and machinery £	Furniture, fittings and equipment £	Total £
GROUP			
COST			
At 1 July 2006	28,222	289,958	318,180
Additions	1,009	13,102	14,111
Disposals	-	(2,810)	(2,810)
At 30 June 2007	29,231	300,250	329,481
DEPRECIATION			
At 1 July 2006	8,939	126,405	135,344
Charge for the year	3,044	29,062	32,106
On disposals	-	(486)	(486)
At 30 June 2007	11,983	154,981	166,964
NET BOOK VALUE			
At 30 June 2007	17,248	145,269	162,517
At 30 June 2006	19,283	163,553	182,836
COMPANY			
COST			
At 1 July 2006	28,222	289,958	318,180
Additions	1,009	13,102	14,111
Disposals	-	(2,810)	(2,810)
At 30 June 2007	29,231	300,250	329,481
DEPRECIATION			
At 1 July 2006	8,939	126,405	135,344
Charge for the year	3,044	29,062	32,106
On disposals	-	(486)	(486)
At 30 June 2007	11,983	154,981	166,964
NET BOOK VALUE			
At 30 June 2007	17,248	145,269	162,517
At 30 June 2006	19,283	163,553	182,836

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
12 FIXED ASSET INVESTMENTS

COMPANY	Shares in group undertakings £
COST OR VALUATION	
At 1 July 2006	5,500,001
Additions	10,390,595
At 30 June 2007	<u>15,890,596</u>

Details of the principal subsidiaries can be found under note number 27

13 STOCKS

	GROUP		COMPANY	
	2007 £	2006 £	2007 £	2006 £
Finished goods and goods for resale	<u>4,589,717</u>	<u>4,483,114</u>	<u>3,102,291</u>	<u>4,483,114</u>

14 DEBTORS

	GROUP		COMPANY	
	2007 £	2006 £	2007 £	2006 £
DUE AFTER MORE THAN ONE YEAR				
Deferred tax asset	<u>855,000</u>	<u>160,000</u>	<u>200,000</u>	<u>160,000</u>
	GROUP		COMPANY	
	2007 £	2006 £	2007 £	2006 £
DUE WITHIN ONE YEAR				
Trade debtors	4,193,426	3,179,100	4,193,427	3,179,100
Other debtors	545,208	274,968	21,320,959	19,352,763
Prepayments and accrued income	363,788	247,027	363,788	247,027
	<u>5,102,422</u>	<u>3,701,095</u>	<u>25,878,174</u>	<u>22,778,890</u>

Included within other debtors due within one year is a loan to J Rabin, a director, amounting to £2,102 (2006 - £NIL) The maximum amount outstanding during the year was £2,102

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

15 CURRENT ASSET INVESTMENTS

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Unlisted investments	3,180,211	41,746	3,180,211	41,746

Unlisted investments represent cash held in Global Treasury Funds

16 CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	823,041	-	823,041	-
Trade creditors	1,955,357	1,595,538	1,955,357	1,595,538
Corporation tax	2,836	-	2,836	-
Social security and other taxes	1,116,331	823,228	1,116,331	823,228
Other creditors	6,829,119	5,924,345	6,731,376	5,778,493
Accruals and deferred income	350,009	260,433	149,692	260,433
Share capital treated as debt (Note 19)	-	750,000	-	750,000
	11,076,693	9,353,544	10,778,633	9,207,692

Disclosure of the terms and conditions attached to the non-equity shares are made in note 19

The bank has a limited guarantee given by J Rabin, B Rabin and R Rabin for £1,280,000 (2006 £1,280,000) dated 14 October 2003. There is also a debenture on the Banks standard form dated 7 October 2003.

17 DEFERRED TAXATION

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
At 1 July 2006	27,800	28,600	27,800	28,600
Released during the year	(1,600)	(800)	(1,600)	(800)
At 30 June 2007	26,200	27,800	26,200	27,800

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
17 DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Accelerated capital allowances	26,200	27,800	26,200	27,800

18 DEFERRED TAXATION ASSET

	2007	2006
	£	£
At 30 June 2007	855,000	160,000

The deferred tax credit is made up as follows

	2007	2006
	£	£
Group tax losses available	855,000	160,000

19 SHARE CAPITAL

	2007	2006
	£	£

SHARES CLASSIFIED AS CAPITAL
AUTHORISED

53,000 (2006 - 51,500) Ordinary shares of 1p each	530	515
47,000 (2006 - 48,500) 'A' Ordinary shares of 1p each	470	485
160,000 'B' Ordinary shares of 0 1p each	160	-
160,000 'C' Ordinary shares of 0 1p each	160	-
12,750,000 Redeemable preference shares of £1 each	12,750,000	12,750,000
	12,751,320	12,751,000

ALLOTTED, CALLED UP AND FULLY PAID

2,827 (2006 - 4,700) Ordinary shares of 1p each	28	47
7,173 (2006 - 5,300) 'A' Ordinary shares of 1p each	72	53
4,375 'B' Ordinary shares of 0 1p each	4	-
4,785,000 (2006 - 5,535,000) Redeemable preference shares of £1 each	4,785,000	5,535,000
	4,785,104	5,535,100

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
19 SHARE CAPITAL (continued)
SHARES CLASSIFIED AS DEBT
AUTHORISED

750,000 Redeemable Preference shares of £1 each	-	750,000
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ALLOTTED, CALLED UP AND FULLY PAID

750,000 Redeemable Preference shares of £1 each	-	750,000
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During the period, 1,900 Ordinary 1p shares were converted to 1,900 'A' Ordinary 1p shares

On 15 June 2007, 4,375 'B' Ordinary 0 1p shares were issued in exchange for 700 Ordinary £1 shares in Pharmakon Limited

On 26 June 2006, redemption of 750,000 redeemable preference shares of £1 each was granted, these shares were redeemed on 4 July 2006 On 29 June 2007 redemption of a further 750,000 redeemable preference shares of £1 each was granted, these shares were redeemed on 29 June 2007

The redeemable preference shares of £1 each that have been 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 alone may request redemption, shareholders do not have the right to request redemption 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

20 RESERVES

GROUP	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £
At 1 July 2006	-	-	(11,637,605)	9,259,999
Profit for the year				1,215,876
Purchase of own shares				(1,500,000)
Premium on shares issued during the year	10,338,996			
Transfer between Capital redemption reserve and profit and loss account		1,500,000		-
Movement on other reserves			(4,862,030)	
Deferred tax on other reserve movement	-	-	1,458,609	-
At 30 June 2007	10,338,996	1,500,000	(15,041,026)	8,975,875

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
Other Reserves - Group

	2007 £
At 4 July 2006	
Shares acquired by SIP	(16,623,912)
Deferred tax thereon	4,986,307
 Shares acquired by SIP	 (4,862,030)
Deferred tax thereon	1,458,609
 Total	 (15,041,026)

Investment in own shares - Group

	Shares held in trust £	Nominal value £	Cost £	2007 £
At 3 July 2006	5,318	53	16,623,912	16,623,912
Shares Purchased	1,855	19	4,862,030	4,862,030
 Total	 7,173	 72	 21,485,942	 21,485,942

The B R Pharma International share incentive plan (SIP) was established to purchase shares for the benefit of employees

During the year B R Pharma International Limited Group contributed £4,862,030 (2006 £5,584,357) to the B R Pharma International SIP. The SIP Trustees Limited then purchased, on behalf of the B R Pharma International SIP 1,855 1p 'A' Ordinary shares in B R Pharma International limited (2006 1,818 shares)

COMPANY	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £
At 1 July 2006	-	-	(7,798,555)	30,144,597
Profit for the year				475,815
Purchase of own shares				(1,500,000)
Premium on shares issued during the year	10,338,996			
Transfer between Capital redemption reserve and profit and loss account		1,500,000		-
Movement on other reserves			(480,000)	
Deferred tax on other reserve movement	-	-	144,000	-
 At 30 June 2007	 10,338,996	 1,500,000	 (8,134,555)	 29,120,412

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
Other Reserves - Company

	2007 £
At 4 July 2006	
Shares acquired by SIP	(11,139,555)
Deferred tax thereon	3,341,000
 Shares acquired by SIP	 (480,000)
Deferred tax thereon	144,000
 Total	 <u>(8,134,555)</u>

Investment in own shares - Company

	Shares held in trust £	Nominal value £	Cost £	2007 £
At 3 July 2006	3,533	36	11,139,555	11,139,555
Shares Purchased	183	2	480,000	480,000
 Total	 <u>3,716</u>	 <u>38</u>	 <u>11,619,555</u>	 <u>11,619,555</u>

The B R Pharma International share incentive plan (SIP) was established to purchase shares for the benefit of employees

During the year B R Pharma International Limited contributed £480,000 (2006 £100,000) to the B R Pharma International SIP as part of a group contribution. The SIP Trustees Limited then purchased, on behalf of the B R Pharma International SIP 1,855 1p 'A' Ordinary shares in B R Pharma International limited (2006 1,818 shares) at a cost of £4,862,030 (2006 £5,584,357). Of this share purchase, 183 shares were funded by B R Pharma International Limited's contribution (2006 33 shares).

BR PHARMA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
GROUP		
Opening shareholders' funds	3,157,494	6,007,488
Profit for the year	1,215,876	1,809,056
Shares redeemed/cancelled during the year	(750,000)	-
Share premium on shares issued (net of expenses)	10,338,996	-
Deferred tax thereon	1,458,609	1,675,307
Redeemable preference shares reclassified as debt in the year	-	(750,000)
SIP payment in the year	(4,862,030)	(5,584,357)
Shares issued during the year	4	-
Closing shareholders' funds	10,558,949	3,157,494
	2007 £	2006 £
COMPANY		
Opening shareholders' funds	27,881,142	6,007,488
Profit for the year	475,815	22,693,654
Shares redeemed/cancelled during the year	(750,000)	-
Share premium on shares issued (net of expenses)	10,338,996	-
Deferred tax thereon	144,000	30,000
Redeemable preference shares reclassified as debt in the year	-	(750,000)
SIP payment in the year	(480,000)	(100,000)
Shares issued during the year	4	-
Closing shareholders' funds	37,609,957	27,881,142

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own Profit and loss Account

The profit for the year dealt with in the accounts of the company was £566,069 (2006 - £22,693,654)

22 NET CASH FLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	1,427,315	3,587,538
Amortisation of intangible fixed assets	430,364	-
Depreciation of tangible fixed assets	32,106	34,640
Profit on disposal of tangible fixed assets	(1,691)	(1,850)
Increase in stocks	(106,604)	(1,530,242)
(Increase)/decrease in debtors	(1,401,326)	988,639
Increase in creditors	1,647,272	5,540,500
SIP payment in the year	(4,862,030)	(5,584,357)
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	(2,834,594)	3,034,868

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2007 £	2006 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	10,082	11,446
Interest paid	(99)	(1,078)
Dividends received	190,036	131,657
Dividends paid to minority interests	764,278	-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	964,297	142,025
	2007 £	2006 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of intangible fixed assets	(8,607,279)	-
Purchase of tangible fixed assets	(14,111)	(14,579)
Sale of tangible fixed assets	4,015	10,399
Purchase of short term unlisted investments	(3,138,465)	-
Sale of short term unlisted investments	-	1,067,700
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(11,755,840)	1,063,520
	2007 £	2006 £
FINANCING		
Issue of ordinary shares	10,339,000	-
Purchase of non-equity shares	(750,000)	(750,000)
Shares treated as debt - Issued	-	750,000
Shares treated as debt - Redeemed	(750,000)	-
NET CASH INFLOW FROM FINANCING	8,839,000	-

BR PHARMA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007
24 ANALYSIS OF CHANGES IN NET DEBT

	1 July 2006 £	Cash flow £	Other non-cash changes £	30 June 2007 £
Cash at bank and in hand	3,970,047	(3,964,096)	-	5,951
Bank overdraft	-	(823,041)	-	(823,041)
	<u>3,970,047</u>	<u>(4,787,137)</u>	<u>-</u>	<u>(817,090)</u>
DEBT				
Debts due within one year	(750,000)	750,000	-	-
	<u>3,220,047</u>	<u>(4,037,137)</u>	<u>-</u>	<u>(817,090)</u>
NET FUNDS/(DEBT)				

25 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 £nil (2006 - £148). No contributions were payable to the fund at the balance sheet date.

26 OPERATING LEASE COMMITMENTS

At 30 June 2007 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2007 £	2006 £
GROUP		
EXPIRY DATE		
After more than 5 years	<u>120,000</u>	<u>120,000</u>

27 PRINCIPAL SUBSIDIARIES

Company name	Country of incorporation	Percentage Shareholding
J R Pharma Limited	England & Wales	100%
Pharmakon Limited	England & Wales	70%