

Registered number 03591021

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## BR PHARMA INTERNATIONAL LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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**BR PHARMA INTERNATIONAL LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

J Rabin  
S A Glanvill

**COMPANY SECRETARY**

F Rabin

**COMPANY NUMBER**

03591021

**REGISTERED OFFICE**

Haslers  
Old Station Road  
Loughton  
Essex  
IG10 4PL

**AUDITORS**

Haslers  
Chartered Accountants & Statutory Auditors  
Old Station Road  
Loughton  
Essex  
IG10 4PL

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**BR PHARMA INTERNATIONAL LIMITED**

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**CONTENTS**

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|                                                                            | Page    |
|----------------------------------------------------------------------------|---------|
| <b>Directors' report</b>                                                   | 1 - 3   |
| <b>Independent auditors' report</b>                                        | 4 - 5   |
| <b>Consolidated profit and loss account</b>                                | 6       |
| <b>Consolidated balance sheet</b>                                          | 7 - 8   |
| <b>Company balance sheet</b>                                               | 9       |
| <b>Consolidated cash flow statement</b>                                    | 10      |
| <b>Notes to the financial statements</b>                                   | 11 - 30 |
| The following pages do not form part of the statutory financial statements |         |
| <b>Company detailed profit and loss account and summaries</b>              | 31 - 33 |

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## BR PHARMA INTERNATIONAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

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The directors present their report and the financial statements for the year ended 30 June 2011

#### PRINCIPAL ACTIVITIES

The principle 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

The directors consider the key financial performance indicators for this company and group to be turnover, gross margin and profit before tax. Turnover has reduced by 53% in the year, and this is due to natural trade fluctuations. The gross margin has increased in the year and is 22.3% compared to 10.9% last year. The directors feel that such a variation is reasonable given the varying margins made from product to product and the fluctuating exchange rates in the year.

Group pre tax profit in the year has decreased from £1,464,590 to £1,019,927

During the year to 30 June 2005, the group established a share incentive plan (SIP) in order to incentivise employees. Contributions totalling £21,485,942 have been made to the plan in respect of 7,173 A ordinary shares of 1p each purchased from existing shareholders and £63,206 in respect of 421,374 D ordinary shares of 1p each which were acquired via participation in a rights issue. Details of the scheme can be found in note 16 and 19 to the financial statements.

During the year the company has made an impairment provision of £1,036,991 against its investments in subsidiaries and for this reason alone has made an overall loss of £197,349. Excluding this exceptional item the profit for the year was £839,642 after tax.

The loss for the last year included a one off exceptional expense of £18,170,138 as described in note 4 of the financial statements. Removing this exceptional item the company made a profit for the year of £163,978.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £567,053 (2010 - £714,592)

No interim dividends were paid in the year and the directors recommend that a final dividend of £262,900 be declared for the year (2010 £190,005)

#### DIRECTORS

The directors who served during the year were

J Rabin  
S A Glanvill

As at 30 June 2011 7,173 (2010 7,173) 'A' Ordinary 1p shares and 421,374 (2010 421,374) 'D' Ordinary 0.1p shares were held, on a non-beneficial basis, by SIP Trustees Limited on behalf of the BR Pharma International Limited SIP. This represents 43% of the issued ordinary share capital (ignoring non voting redeemable preference shares). The directors of SIP Trustees Limited include Mr M J Anderson, Mrs C P Munro and Mr J O'Shea who are partners and Mr A Perez, who is an employee, of Haslers, auditors of our company. None of these partners or employees have any involvement in the audit of our company.

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## **BR PHARMA INTERNATIONAL LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011**

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#### **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, and the company actively hedges against adverse currency fluctuations with the purchase of forward contracts. The directors do not consider these risks to be significant in that they could materially impact the company

#### **Credit risk**

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

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

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## **BR PHARMA INTERNATIONAL LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011**

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#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

#### **AUDITORS**

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 March 2012 and signed on its behalf



**J Rabin**  
Director

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## **BR PHARMA INTERNATIONAL LIMITED**

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

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We have audited the financial statements of BR Pharma International Limited for the year ended 30 June 2011, set out on pages 6 to 30. The financial reporting framework that has been applied in their preparation is applicable in Ireland and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**BR PHARMA INTERNATIONAL LIMITED**

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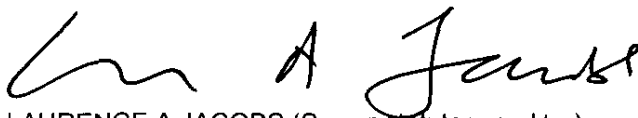
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BR PHARMA INTERNATIONAL LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



LAURENCE A JACOBS (Senior Statutory auditor)

for and on behalf of  
**Haslers**

Chartered Accountants  
Statutory Auditors

Old Station Road  
Loughton  
Essex  
IG10 4PL

23 March 2012

**BR PHARMA INTERNATIONAL LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2011**

|                                                      | Note | 2011<br>£             | 2010<br>£             |
|------------------------------------------------------|------|-----------------------|-----------------------|
| <b>TURNOVER</b>                                      | 1,2  | <b>11,278,243</b>     | <b>24,047,276</b>     |
| Cost of sales                                        |      | <u>(8,758,212)</u>    | <u>(21,422,876)</u>   |
| <b>GROSS PROFIT</b>                                  |      | <b>2,520,031</b>      | <b>2,624,400</b>      |
| Administrative expenses                              |      | <u>(1,548,940)</u>    | <u>(1,259,578)</u>    |
| <b>OPERATING PROFIT</b>                              | 3    | <b>971,091</b>        | <b>1,364,822</b>      |
| Interest receivable and similar income               |      | <u>48,836</u>         | <u>99,768</u>         |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>1,019,927</b>      | <b>1,464,590</b>      |
| Tax on profit on ordinary activities                 | 7    | <u>(452,897)</u>      | <u>(790,767)</u>      |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |      | <b>567,030</b>        | <b>673,823</b>        |
| Minority interests                                   |      | <u>23</u>             | <u>40,769</u>         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 | 17   | <b><u>567,053</u></b> | <b><u>714,592</u></b> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 11 to 30 form part of these financial statements

**BR PHARMA INTERNATIONAL LIMITED**  
**REGISTERED NUMBER 03591021**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2011**

|                                                      | Note | 2011<br>£          | 2010<br>£          |
|------------------------------------------------------|------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                                  |      |                    |                    |
| Intangible assets                                    | 8    | 7,906,146          | 8,544,146          |
| Tangible assets                                      | 9    | 93,517             | 110,691            |
|                                                      |      | <u>7,999,663</u>   | <u>8,654,837</u>   |
| <b>CURRENT ASSETS</b>                                |      |                    |                    |
| Stocks                                               | 11   | 941,132            | 1,683,641          |
| Debtors                                              | 12   | 1,830,488          | 3,689,228          |
| Investments                                          | 13   | 2,289              | 2,284              |
| Cash at bank and in hand                             |      | 4,695,364          | 3,423,442          |
|                                                      |      | <u>7,469,273</u>   | <u>8,798,595</u>   |
| <b>CREDITORS</b> amounts falling due within one year | 14   | <u>(2,107,088)</u> | <u>(4,398,212)</u> |
| <b>NET CURRENT ASSETS</b>                            |      | <u>5,362,185</u>   | <u>4,400,383</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |      | <u>13,361,848</u>  | <u>13,055,220</u>  |
| <b>PROVISIONS FOR LIABILITIES</b>                    |      |                    |                    |
| Deferred tax                                         | 15   | (15,994)           | (20,555)           |
| <b>NET ASSETS</b>                                    |      | <u>13,345,854</u>  | <u>13,034,665</u>  |
| <b>CAPITAL AND RESERVES</b>                          |      |                    |                    |
| Called up share capital                              | 16   | 9,939              | 9,939              |
| Share premium account                                | 17   | 14,077,101         | 14,077,101         |
| Capital redemption reserve                           | 17   | 6,285,000          | 3,250,000          |
| Share based payment reserve                          | 17   | 30,313             | 20,228             |
| Other reserves                                       | 17   | (14,983,058)       | (15,023,468)       |
| Profit and loss account                              | 17   | 7,858,016          | 10,570,245         |
| <b>SHAREHOLDERS' FUNDS</b>                           | 18   | <u>13,277,311</u>  | <u>12,904,045</u>  |
| <b>MINORITY INTERESTS</b>                            | 21   | <u>68,543</u>      | <u>130,620</u>     |
|                                                      |      | <u>13,345,854</u>  | <u>13,034,665</u>  |

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**BR PHARMA INTERNATIONAL LIMITED**

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**CONSOLIDATED BALANCE SHEET (continued)**  
**AS AT 30 JUNE 2011**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 March 2012



**J Rabin**  
Director

The notes on pages 11 to 30 form part of these financial statements

**BR PHARMA INTERNATIONAL LIMITED**  
**REGISTERED NUMBER 03591021**

**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2011**

|                                                      | Note | 2011<br>£                | 2010<br>£                |
|------------------------------------------------------|------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>                                  |      |                          |                          |
| Tangible assets                                      | 9    | 93,517                   | 110,691                  |
| Investments                                          | 10   | 13,459,950               | 14,496,941               |
|                                                      |      | <u>13,553,467</u>        | <u>14,607,632</u>        |
| <b>CURRENT ASSETS</b>                                |      |                          |                          |
| Stocks                                               | 11   | 941,132                  | 1,517,254                |
| Debtors                                              | 12   | 2,060,507                | 3,824,291                |
| Investments                                          | 13   | 2,289                    | 2,284                    |
| Cash at bank and in hand                             |      | 4,695,300                | 3,423,162                |
|                                                      |      | <u>7,699,228</u>         | <u>8,766,991</u>         |
| <b>CREDITORS</b> amounts falling due within one year | 14   | <u>(7,280,962)</u>       | <u>(9,206,973)</u>       |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>              |      | <u>418,266</u>           | <u>(439,982)</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |      | <u>13,971,733</u>        | <u>14,167,650</u>        |
| <b>PROVISIONS FOR LIABILITIES</b>                    |      |                          |                          |
| Deferred tax                                         | 15   | <u>(15,994)</u>          | <u>(20,555)</u>          |
| <b>NET ASSETS</b>                                    |      | <u><u>13,955,739</u></u> | <u><u>14,147,095</u></u> |
| <b>CAPITAL AND RESERVES</b>                          |      |                          |                          |
| Called up share capital                              | 16   | 9,939                    | 9,939                    |
| Share premium account                                | 17   | 14,077,101               | 14,077,101               |
| Capital redemption reserve                           | 17   | 6,285,000                | 3,250,000                |
| Share based payment reserve                          | 17   | 25,466                   | 16,901                   |
| Other reserves                                       | 17   | (12,724,331)             | (12,758,651)             |
| Profit and loss account                              | 17   | 6,282,564                | 9,551,805                |
| <b>SHAREHOLDERS' FUNDS</b>                           | 18   | <u><u>13,955,739</u></u> | <u><u>14,147,095</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 March 2012



**J Rabin**  
Director

The notes on pages 11 to 30 form part of these financial statements

**BR PHARMA INTERNATIONAL LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

|                                                 | Note | 2011<br>£        | 2010<br>£        |
|-------------------------------------------------|------|------------------|------------------|
| Net cash flow from operating activities         | 22   | 5,074,083        | 2,324,396        |
| Returns on investments and servicing of finance | 23   | 48,836           | 99,768           |
| Taxation                                        | 23   | (552,531)        | 118,025          |
| Capital expenditure and financial investment    | 23   | (668)            | 2,069,781        |
| Equity dividends paid                           |      | (262,900)        | (190,005)        |
| <b>CASH INFLOW BEFORE FINANCING</b>             |      | <b>4,306,820</b> | <b>4,421,965</b> |
| Financing                                       | 23   | (3,035,000)      | (1,000,000)      |
| <b>INCREASE IN CASH IN THE YEAR</b>             |      | <b>1,271,820</b> | <b>3,421,965</b> |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 JUNE 2011**

|                                                        | 2011<br>£        | 2010<br>£        |
|--------------------------------------------------------|------------------|------------------|
| Increase in cash in the year                           | 1,271,820        | 3,421,965        |
| Cash outflow from decrease in debt and lease financing | 3,035,000        | 3,035,000        |
| Other non-cash changes                                 | -                | (3,035,000)      |
| <b>MOVEMENT IN NET DEBT IN THE YEAR</b>                | <b>4,306,820</b> | <b>3,421,965</b> |
| Net funds/(debt) at 1 July 2010                        | 388,442          | (3,033,523)      |
| <b>NET FUNDS AT 30 JUNE 2011</b>                       | <b>4,695,262</b> | <b>388,442</b>   |

The notes on pages 11 to 30 form part of these financial statements

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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#### 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')

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, 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 |
|----------|--------------------|

##### 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% reducing balance   |
| Computer equipment  | - 33.3% reducing balance |

##### 1.6 Investments

###### Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment

###### Other investments

Investments held as current assets are shown at cost less provision for impairment

##### 1.7 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

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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#### 1 ACCOUNTING POLICIES (continued)

##### 1 8 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

Deferred taxation in connection with the contribution to the Share Incentive Plan (SIP) is shown as a deduction from the cost of the shares acquired. This is a departure from Financial Reporting Standard 19 to show the deferred tax liability as a provision for liabilities and charges. In the opinion of the directors, this departure is necessary in order to give a true or fair view of the company's affairs. The directors consider that, following the adoption of the accounting treatment under UITF 38 for the contribution to the SIP, the separation of the costs of the shares acquired and the relevant deferred taxation into two separate areas of the balance sheet would not give a true and fair view

##### 1 9 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 time as the shares vest unconditionally with the employees. Until that time, the employee share ownership plan trust's investment in the shares of the company is shown as a reduction in reserves

##### 1 10 Share based payments

On 14 April 2009, the trustees of the SIP granted 7,173 A Ordinary 1p shares held by the SIP to the employees of the company. These shares have a vesting period of 5 years. During this year, in accordance with FRS 20, the value determined at the grant date of the shares is expensed on a straight-line basis to the profit and loss account over the vesting period based on the company's estimate of shares that will eventually vest

The value is calculated using a generally accepted valuation methodology allowing for the lack of an observable market price as the company is an unlisted limited company

If the value of the shares is less than the cost of the shares awarded, the difference is transferred between the SIP reserve and the profit and loss reserve over the grant period

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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**1 ACCOUNTING POLICIES (continued)****1 11 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 12 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

**2 TURNOVER**

A geographical analysis of turnover is as follows

|          | 2011<br>£         | 2010<br>£         |
|----------|-------------------|-------------------|
| UK       | 9,320,230         | 12,595,587        |
| Other EU | 1,958,013         | 11,451,689        |
|          | <u>11,278,243</u> | <u>24,047,276</u> |

**3 OPERATING PROFIT**

The operating profit is stated after charging

|                                        | 2011<br>£     | 2010<br>£     |
|----------------------------------------|---------------|---------------|
| Amortisation - intangible fixed assets | 638,000       | 522,493       |
| Depreciation of tangible fixed assets  |               |               |
| - owned by the group                   | <u>17,837</u> | <u>21,720</u> |

Last year the trade and assets of one of the company's subsidiaries, J R Pharma Limited, were hived up into the company. This caused a one off exceptional administration expense last year of £18,170,138 as the major asset of J R Pharma Limited was goodwill essentially in respect of this company which had to be written off along with the write off of this company's investment and intercompany balance with J R Pharma Limited.

In the current year an exceptional administration expense of £1,036,991 has been provided for in respect of an impairment charge against the company's investment in its subsidiaries (see note 10)

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**4 STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

|                       | 2011<br>£      | 2010<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 734,181        | 591,025        |
| Social security costs | 59,466         | 43,928         |
| Other pension costs   | 953            | -              |
|                       | <u>794,600</u> | <u>634,953</u> |

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

|                | 2011<br>No. | 2010<br>No |
|----------------|-------------|------------|
| Administration | 8           | 8          |
| Production     | 18          | 18         |
|                | <u>26</u>   | <u>26</u>  |

**5 DIRECTORS' REMUNERATION**

|            | 2011<br>£     | 2010<br>£     |
|------------|---------------|---------------|
| Emoluments | <u>41,545</u> | <u>32,151</u> |

**6 AUDITORS' REMUNERATION**

|                                                                                      | 2011<br>£      | 2010<br>£      |
|--------------------------------------------------------------------------------------|----------------|----------------|
| Fees payable to the company's auditor for the audit of the company's annual accounts | 16,000         | 13,500         |
| 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            |
| Other services relating to taxation                                                  | 136,212        | 3,690          |
| All other services                                                                   | 1,600          | 430,869        |
|                                                                                      | <u>147,812</u> | <u>434,064</u> |

BR PHARMA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

7 TAXATION

|                                                         | 2011<br>£      | 2010<br>£      |
|---------------------------------------------------------|----------------|----------------|
| <b>Analysis of tax charge in the year</b>               |                |                |
| <b>Current tax</b> (see note below)                     |                |                |
| UK corporation tax charge on profit for the year        | 461,589        | 405,149        |
| Adjustments in respect of prior periods                 | (1,105)        | 1,584          |
| <b>Total current tax</b>                                | <b>460,484</b> | <b>406,733</b> |
| <b>Deferred tax</b>                                     |                |                |
| Origination and reversal of timing differences          | (7,587)        | (3,026)        |
| Deferred tax asset in respect of losses carried forward | -              | 387,060        |
| <b>Total deferred tax</b> (see note 15)                 | <b>(7,587)</b> | <b>384,034</b> |
| <b>Tax on profit on ordinary activities</b>             | <b>452,897</b> | <b>790,767</b> |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2010 - *higher than*) the standard rate of corporation tax in the UK of 28% (2010 - 22%) The differences are explained below

|                                                                                                            | 2011<br>£      | 2010<br>£      |
|------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Profit on ordinary activities before tax                                                                   | 1,019,927      | 1,464,590      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 22%) | 285,580        | 324,685        |
| <b>Effects of:</b>                                                                                         |                |                |
| Non-tax deductible amortisation of goodwill and impairment                                                 | -              | 29             |
| Depreciation in excess of capital allowances                                                               | (559)          | 676            |
| Effect of marginal tax rate in the year                                                                    | (1,546)        | 79,759         |
| Adjustments to tax charge in respect of prior periods                                                      | (1,105)        | 1,584          |
| Unrelieved tax losses carried forward                                                                      | 21             | -              |
| Elimination of inter-group profit on consolidation                                                         | 178,093        | -              |
| <b>Current tax charge for the year</b> (see note above)                                                    | <b>460,484</b> | <b>406,733</b> |

**Factors that may affect future tax charges**

The group has tax losses which are available to offset against future profits

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BR PHARMA INTERNATIONAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

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8 INTANGIBLE FIXED ASSETS

|                                 | Goodwill<br>£     |
|---------------------------------|-------------------|
| <b>Group</b>                    |                   |
| <b>Cost</b>                     |                   |
| At 1 July 2010 and 30 June 2011 | <b>10,449,859</b> |
| <b>Amortisation</b>             |                   |
| At 1 July 2010                  | <b>1,905,713</b>  |
| Charge for the year             | <b>638,000</b>    |
| At 30 June 2011                 | <b>2,543,713</b>  |
| <b>Net book value</b>           |                   |
| At 30 June 2011                 | <b>7,906,146</b>  |
| <i>At 30 June 2010</i>          | <b>8,544,146</b>  |

BR PHARMA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

9 TANGIBLE FIXED ASSETS

|                       | Plant &<br>machinery<br>£ | Fixtures &<br>fittings<br>£ | Total<br>£ |
|-----------------------|---------------------------|-----------------------------|------------|
| <b>Group</b>          |                           |                             |            |
| <b>Cost</b>           |                           |                             |            |
| At 1 July 2010        | 29,231                    | 325,803                     | 355,034    |
| Additions             | -                         | 663                         | 663        |
| At 30 June 2011       | 29,231                    | 326,466                     | 355,697    |
| <b>Depreciation</b>   |                           |                             |            |
| At 1 July 2010        | 18,638                    | 225,705                     | 244,343    |
| Charge for the year   | 1,589                     | 16,248                      | 17,837     |
| At 30 June 2011       | 20,227                    | 241,953                     | 262,180    |
| <b>Net book value</b> |                           |                             |            |
| At 30 June 2011       | 9,004                     | 84,513                      | 93,517     |
| At 30 June 2010       | 10,593                    | 100,098                     | 110,691    |
|                       |                           |                             |            |
| <b>Company</b>        |                           |                             |            |
| <b>Cost</b>           |                           |                             |            |
| At 1 July 2010        | 29,231                    | 325,803                     | 355,034    |
| Additions             | -                         | 663                         | 663        |
| At 30 June 2011       | 29,231                    | 326,466                     | 355,697    |
| <b>Depreciation</b>   |                           |                             |            |
| At 1 July 2010        | 18,638                    | 225,705                     | 244,343    |
| Charge for the year   | 1,589                     | 16,248                      | 17,837     |
| At 30 June 2011       | 20,227                    | 241,953                     | 262,180    |
| <b>Net book value</b> |                           |                             |            |
| At 30 June 2011       | 9,004                     | 84,513                      | 93,517     |
| At 30 June 2010       | 10,593                    | 100,098                     | 110,691    |

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**10 FIXED ASSET INVESTMENTS**

| <b>Company</b>           | <b>Investments<br/>in subsidiary<br/>companies<br/>£</b> |
|--------------------------|----------------------------------------------------------|
| <b>Cost or valuation</b> |                                                          |
| At 1 July 2010           | 19,996,941                                               |
| Disposals                | (5,500,000)                                              |
| At 30 June 2011          | <u>14,496,941</u>                                        |
| <b>Impairment</b>        |                                                          |
| At 1 July 2010           | 5,500,000                                                |
| Charge for the year      | (4,463,009)                                              |
| At 30 June 2011          | <u>1,036,991</u>                                         |
| <b>Net book value</b>    |                                                          |
| At 30 June 2011          | <u><u>13,459,950</u></u>                                 |
| At 30 June 2010          | <u><u>14,496,941</u></u>                                 |

Details of the principal subsidiaries can be found under note number 30

During the year, J R Pharma Limited, a 100% subsidiary, was dissolved which is shown above as a disposal. The cost of the investment was fully impaired last year as J R Pharma Limited's trade and assets were hived up in this company so the impairment is disposed of this year.

**11 STOCKS**

|                                     | <u><b>Group</b></u> |                  | <u><b>Company</b></u> |                  |
|-------------------------------------|---------------------|------------------|-----------------------|------------------|
|                                     | <b>2011</b>         | <b>2010</b>      | <b>2011</b>           | <b>2010</b>      |
|                                     | <b>£</b>            | <b>£</b>         | <b>£</b>              | <b>£</b>         |
| Finished goods and goods for resale | <u>941,132</u>      | <u>1,683,641</u> | <u>941,132</u>        | <u>1,517,254</u> |

**12 DEBTORS**

|                                    | <u><b>Group</b></u> |                  | <u><b>Company</b></u> |                  |
|------------------------------------|---------------------|------------------|-----------------------|------------------|
|                                    | <b>2011</b>         | <b>2010</b>      | <b>2011</b>           | <b>2010</b>      |
|                                    | <b>£</b>            | <b>£</b>         | <b>£</b>              | <b>£</b>         |
| Trade debtors                      | 1,694,187           | 3,632,522        | 1,694,187             | 3,632,522        |
| Amounts owed by group undertakings | -                   | -                | 239,466               | 135,060          |
| Other debtors                      | 18,276              | 14,656           | 8,829                 | 14,659           |
| Prepayments and accrued income     | 118,025             | 42,050           | 118,025               | 42,050           |
|                                    | <u>1,830,488</u>    | <u>3,689,228</u> | <u>2,060,507</u>      | <u>3,824,291</u> |

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**13 CURRENT ASSET INVESTMENTS**

|                      | <b>Group</b> |              | <b>Company</b> |              |
|----------------------|--------------|--------------|----------------|--------------|
|                      | <b>2011</b>  | <b>2010</b>  | <b>2011</b>    | <b>2010</b>  |
|                      | <b>£</b>     | <b>£</b>     | <b>£</b>       | <b>£</b>     |
| Unlisted investments | <b>2,289</b> | <b>2,284</b> | <b>2,289</b>   | <b>2,284</b> |

Unlisted investments represent cash held in Global Treasury Funds

**14 CREDITORS**

**Amounts falling due within one year**

|                                         | <b>Group</b>     |                  | <b>Company</b>   |                  |
|-----------------------------------------|------------------|------------------|------------------|------------------|
|                                         | <b>2011</b>      | <b>2010</b>      | <b>2011</b>      | <b>2010</b>      |
|                                         | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts               | <b>102</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Trade creditors                         | <b>638,768</b>   | <b>461,284</b>   | <b>638,768</b>   | <b>461,284</b>   |
| Amounts owed to group undertakings      | <b>-</b>         | <b>-</b>         | <b>5,292,286</b> | <b>5,156,617</b> |
| Corporation tax                         | <b>322,548</b>   | <b>405,149</b>   | <b>322,548</b>   | <b>62,000</b>    |
| Social security and other taxes         | <b>459,851</b>   | <b>92,866</b>    | <b>455,341</b>   | <b>88,480</b>    |
| Other creditors                         | <b>314,978</b>   | <b>317,309</b>   | <b>314,978</b>   | <b>316,987</b>   |
| Accruals and deferred income            | <b>370,841</b>   | <b>86,604</b>    | <b>257,041</b>   | <b>86,605</b>    |
| Share capital treated as debt (Note 16) | <b>-</b>         | <b>3,035,000</b> | <b>-</b>         | <b>3,035,000</b> |
|                                         | <b>2,107,088</b> | <b>4,398,212</b> | <b>7,280,962</b> | <b>9,206,973</b> |

Disclosure of the terms and conditions attached to the non-equity shares are made in note 16

The company has provided security to the bank in the form of a debenture limited to £4,665,087

**15 DEFERRED TAXATION PROVISION**

|                                       | <b>Group</b>   |               | <b>Company</b> |               |
|---------------------------------------|----------------|---------------|----------------|---------------|
|                                       | <b>2011</b>    | <b>2010</b>   | <b>2011</b>    | <b>2010</b>   |
|                                       | <b>£</b>       | <b>£</b>      | <b>£</b>       | <b>£</b>      |
| At beginning of year                  | <b>20,555</b>  | <b>20,555</b> | <b>20,555</b>  | <b>20,555</b> |
| (Released during)/charge for the year | <b>(4,561)</b> | <b>-</b>      | <b>(4,561)</b> | <b>-</b>      |
| At end of year                        | <b>15,994</b>  | <b>20,555</b> | <b>15,994</b>  | <b>20,555</b> |

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**15 DEFERRED TAXATION PROVISION (continued)**

The provision for deferred taxation is made up as follows

|                                | <u>Group</u>  |               | <u>Company</u> |               |
|--------------------------------|---------------|---------------|----------------|---------------|
|                                | <u>2011</u>   | <u>2010</u>   | <u>2011</u>    | <u>2010</u>   |
|                                | £             | £             | £              | £             |
| Accelerated capital allowances | <u>15,994</u> | <u>20,555</u> | <u>15,994</u>  | <u>20,555</u> |

**16 SHARE CAPITAL**

|                                                   | <u>2011</u>  | <u>2010</u>      |
|---------------------------------------------------|--------------|------------------|
|                                                   | £            | £                |
| <b>Shares classified as capital</b>               |              |                  |
| <b>Allotted, called up and fully paid</b>         |              |                  |
| 2,827 Ordinary shares of £0.01 each               | 28           | 28               |
| 7,173 'A' Ordinary shares of £0.01 each           | 72           | 72               |
| 4,375 'B' Ordinary shares of £0.001 each          | 4            | 4                |
| 2,363 'C' Ordinary shares of £0.001 each          | 2            | 2                |
| 983,262 'D' Ordinary shares of £0.01 each         | 9,833        | 9,833            |
|                                                   | <u>9,939</u> | <u>9,939</u>     |
| <b>Shares classified as debt</b>                  |              |                  |
| <b>Allotted, called up and fully paid</b>         |              |                  |
| 3,035,000 Redeemable preference shares of £1 each | -            | 3,035,000        |
|                                                   | <u>-</u>     | <u>3,035,000</u> |

The redeemable preference shares 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 redeemable preference shares carry a right to a non-cumulative dividend of 3% of their nominal value per annum, payable on 30 June next after their issue, but at the complete discretion of the company and to only be paid if the financial position of the company, in the view of the directors and in law permits it.

These redeemable preference shares carry no voting rights.

On 12 August 2010 3,035,000 redeemable preference shares were redeemed by the company. The notice to redeem was given before the end of last year and as such the shares were reclassified to debt due in under one year at the end of last year. No other shares were redeemed during the year.

All other classes of shares rank *pari passu*.

BR PHARMA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

17 RESERVES

| Group                                   | Share premium account<br>£ | Capital redemption reserve<br>£ | Share based payment reserve<br>£ | Other reserves<br>£ | Profit and loss account<br>£ |
|-----------------------------------------|----------------------------|---------------------------------|----------------------------------|---------------------|------------------------------|
| At 1 July 2010                          | 14,077,101                 | 3,250,000                       | 20,228                           | (15,023,468)        | 10,570,245                   |
| Profit for the year                     |                            |                                 |                                  |                     | 567,053                      |
| Dividends Equity capital                |                            |                                 |                                  |                     | (200,846)                    |
| Redemption of preference shares         |                            | 3,035,000                       |                                  |                     | (3,035,000)                  |
| Share based payment charge for year     |                            |                                 | 10,085                           |                     |                              |
| Deferred tax release on award of shares |                            |                                 |                                  | (3,026)             |                              |
| Transfer between reserves               |                            |                                 |                                  | 43,436              | (43,436)                     |
| At 30 June 2011                         | 14,077,101                 | 6,285,000                       | 30,313                           | (14,983,058)        | 7,858,016                    |
| Company                                 | Share premium account<br>£ | Capital redemption reserve<br>£ | Share based payment reserve<br>£ | Other reserves<br>£ | Profit and loss account<br>£ |
| At 1 July 2010                          | 14,077,101                 | 3,250,000                       | 16,901                           | (12,758,651)        | 9,551,805                    |
| Loss for the year                       |                            |                                 |                                  |                     | (197,351)                    |
| Redemption of preference shares         |                            | 3,035,000                       |                                  |                     | (3,035,000)                  |
| Share based payment charge for year     |                            |                                 | 8,565                            |                     |                              |
| Deferred tax release on award of shares |                            |                                 |                                  | (2,570)             |                              |
| Transfer between reserves               |                            |                                 |                                  | 36,890              | (36,890)                     |
| At 30 June 2011                         | 14,077,101                 | 6,285,000                       | 25,466                           | (12,724,331)        | 6,282,564                    |

Other Reserves - Group

|                                                                   | 2011<br>£  |
|-------------------------------------------------------------------|------------|
| Reserve for investment in own shares                              |            |
| At 1 July 2010                                                    | 21,425,101 |
| Transfer excess cost of shares awarded to profit and loss reserve | (62,051)   |
| Balance as at 30 June 2011                                        | 21,363,050 |

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**16 RESERVES (CONTINUED)**

**2011  
£**

**Reserve for deferred tax on investment in own shares**

|                                                  |                  |
|--------------------------------------------------|------------------|
| At 1 July 2010                                   | 6,401,633        |
| Deferred tax released on share award             | (3,026)          |
| Transfer of deferred tax on above on excess cost | (18,615)         |
|                                                  | <u>6,379,992</u> |
| Balance at 30 June 2011                          | <u>6,379,992</u> |

Other Reserves as above

14,983,058

**Investment in own shares - Group**

|                                                                      | Shares held<br>in trust<br>Number | Nominal<br>value<br>£ | Cost<br>£         | Total<br>£        |
|----------------------------------------------------------------------|-----------------------------------|-----------------------|-------------------|-------------------|
| A Ordinary 1p shares                                                 | 7,173                             | 72                    | 21,485,942        | 21,485,942        |
| D Ordinary 1p shares                                                 | 421,374                           | 4,213                 | 63,206            | 63,206            |
| Transfer excess cost of shares awarded to<br>profit and loss reserve | -                                 | -                     | (186,098)         | (186,098)         |
| Total                                                                | <u>428,547</u>                    | <u>4,285</u>          | <u>21,363,050</u> | <u>21,363,050</u> |

In the year to 30 June 2005, the group established a Share Incentive Plan (SIP) to purchase shares in the parent company for the benefit of employees

As BR Pharma International Limited is a private company, there is no observable market price for the shares granted. Therefore, the value of the shares was measured using generally accepted valuation methodology which allowed for this. The fair value of the shares at the grant date was £50,713.

As the value of the shares at the grant date is less than the cost of the shares, the difference is being transferred from the SIP reserve to the profit and loss reserve over the vesting period.

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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|                                                                   | 2011<br>£               |
|-------------------------------------------------------------------|-------------------------|
| <b>16 RESERVES (CONTINUED)</b>                                    |                         |
| <b>Other Reserves - Company</b>                                   |                         |
| <b>Reserve for investment in own shares</b>                       |                         |
| At 1 July 2010                                                    | 18,195,737              |
| Transfer excess cost of shares awarded to profit and loss reserve | (52,700)                |
|                                                                   | <hr/>                   |
| Balance at 30 June 2011                                           | <b>18,143,037</b> <hr/> |
| <br><b>Reserve for deferred tax on investment in own shares</b>   |                         |
|                                                                   | 2011<br>£               |
| At 1 July 2010                                                    | 5,437,086               |
| Deferred tax released on share award                              | (2,570)                 |
| Transfer of deferred tax on above on excess cost                  | (15,810)                |
|                                                                   | <hr/>                   |
| Balance at 30 June 2011                                           | <b>5,418,706</b> <hr/>  |
|                                                                   | <hr/>                   |
| Other Reserves as above                                           | <b>12,724,331</b> <hr/> |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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**18 RESERVES (CONTINUED)**

Investment in own shares - Company

|                                                                      | Shares held<br>in trust<br>Number | Nominal<br>value<br>£ | Cost<br>£         | 2011<br>£         |
|----------------------------------------------------------------------|-----------------------------------|-----------------------|-------------------|-------------------|
| A Ordinary 1p shares                                                 | 6,092                             | 61                    | 18,249,042        | 18,249,042        |
| D Ordinary 1p shares                                                 | 357,867                           | 3,579                 | 52,324            | 52,324            |
| Transfer excess cost of shares awarded to<br>profit and loss reserve | -                                 | -                     | (158,329)         | (158,329)         |
| Total                                                                | <u>363,959</u>                    | <u>3,640</u>          | <u>18,143,037</u> | <u>18,143,037</u> |

In the year to 30 June 2005, the company established a Share Incentive Plan (SIP) to purchase shares in the company for the benefit of employees

As BR Pharma International Limited is a private company, there is no observable market price for the shares granted. Therefore, the value of the shares was measured using generally accepted valuation methodology which allowed for this. The fair value of the shares at the grant date was £42,826.

As the value of the shares at the grant date is less than the cost of the shares, the difference is being transferred from the SIP reserve to the profit and loss reserve over the vesting period.

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

| <b>Group</b>                                                              | <b>2011<br/>£</b> | <b>2010<br/>£</b> |
|---------------------------------------------------------------------------|-------------------|-------------------|
| Opening shareholders' funds                                               | 12,904,045        | 16,407,399        |
| Profit for the year                                                       | 567,053           | 714,592           |
| Dividends (Note 19)                                                       | (200,846)         | (190,005)         |
| Reclassification of preference shares from/(to) debt                      | 3,035,000         | (3,035,000)       |
| Redemption of preference shares                                           | (3,035,000)       | (1,000,000)       |
| Purchase of shares by the SIP and deferred tax release on award of shares | (3,026)           | (3,026)           |
| Share based payment charge                                                | 10,085            | 10,085            |
| Closing shareholders' funds                                               | <u>13,277,311</u> | <u>12,904,045</u> |

| <b>Company</b>                                                            | <b>2011<br/>£</b> | <b>2010<br/>£</b> |
|---------------------------------------------------------------------------|-------------------|-------------------|
| Opening shareholders' funds                                               | 14,147,095        | 40,826,902        |
| Loss for the year                                                         | (197,351)         | (18,006,161)      |
| Reclassification of preference shares from/(to) debt                      | 3,035,000         | (3,035,000)       |
| Redemption of preference shares                                           | (3,035,000)       | (1,000,000)       |
| JR Pharma Limited investment in SIP acquired on hive up                   | -                 | (4,644,641)       |
| Purchase of shares by the SIP and deferred tax release on award of shares | (2,570)           | (2,570)           |
| Share based payment charge                                                | 8,565             | 8,565             |
| Closing shareholders' funds                                               | <u>13,955,739</u> | <u>14,147,095</u> |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the company was £197,351 (2010 - £-18,006,161)

**19 DIVIDENDS**

|                                  | <b>2011<br/>£</b> | <b>2010<br/>£</b> |
|----------------------------------|-------------------|-------------------|
| Dividends paid on equity capital | <u>200,846</u>    | <u>190,005</u>    |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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**20 SHARE BASED PAYMENTS**

The BR Pharma International Limited Share Incentive Plan (SIP) was established on 3 June 2005 to reward employees of the group with shares in the parent company

On 14 April 2009, 7,173 A ordinary 1p shares were granted. The terms of the grant of the shares was as follows

1 The shares were awarded to any employee who had been employed by an eligible company for at least one month

2 The vesting period is 5 years

3 The employee will lose their shares if they cease to be in relevant employment within three years from the date of the award

In accordance with FRS 20, the value of the shares is expensed through the profit and loss account over the vesting period of five years. £10,085 was charged to the profit and loss account in the current year

**21 MINORITY INTERESTS**

**Equity**

At 1 July 2010

£  
130,620

Proportion of profit after taxation for the year

(23)

Effect of dividends paid to minority interests in the year

(62,054)

At 30 June 2011

68,543

**22 NET CASH FLOW FROM OPERATING ACTIVITIES**

|                                                  | 2011<br>£        | 2010<br>£        |
|--------------------------------------------------|------------------|------------------|
| Operating profit                                 | 971,091          | 1,364,822        |
| Share based payment charge                       | 10,085           | 10,085           |
| Amortisation of intangible fixed assets          | 638,000          | 522,493          |
| Depreciation of tangible fixed assets            | 17,837           | 21,720           |
| Decrease in stocks                               | 742,509          | 376,076          |
| Decrease in debtors                              | 1,868,188        | 544,841          |
| Increase/(decrease) in creditors                 | 826,373          | (515,641)        |
|                                                  | -                | -                |
| <b>Net cash inflow from operating activities</b> | <b>5,074,083</b> | <b>2,324,396</b> |

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

|                                                           | 2011<br>£          | 2010<br>£          |
|-----------------------------------------------------------|--------------------|--------------------|
| <b>Returns on investments and servicing of finance</b>    |                    |                    |
| Interest received                                         | 48,836             | 99,768             |
|                                                           | <u>48,836</u>      | <u>99,768</u>      |
|                                                           | 2011<br>£          | 2010<br>£          |
| <b>Taxation</b>                                           |                    |                    |
| Corporation tax                                           | (552,531)          | 118,025            |
|                                                           | <u>(552,531)</u>   | <u>118,025</u>     |
|                                                           | 2011<br>£          | 2010<br>£          |
| <b>Capital expenditure and financial investment</b>       |                    |                    |
| Purchase of tangible fixed assets                         | (663)              | (8,268)            |
| Purchase of short term unlisted investments               | (5)                | -                  |
| Sale of short term unlisted investments                   | -                  | 2,078,049          |
| SIP purchase of company shares                            | -                  | -                  |
|                                                           | <u>(668)</u>       | <u>2,069,781</u>   |
| <b>Net cash (outflow)/inflow from capital expenditure</b> | <u>(668)</u>       | <u>2,069,781</u>   |
|                                                           | 2011<br>£          | 2010<br>£          |
| <b>Financing</b>                                          |                    |                    |
| Preference shares redeemed                                | -                  | (1,000,000)        |
| Redemption of shares treated as debt                      | (3,035,000)        | -                  |
|                                                           | <u>(3,035,000)</u> | <u>(1,000,000)</u> |
| <b>Net cash outflow from financing</b>                    | <u>(3,035,000)</u> | <u>(1,000,000)</u> |

**24 ANALYSIS OF CHANGES IN NET DEBT**

|                           | 1 July<br>2010<br>£ | Cash flow<br>£   | Other<br>non-cash<br>changes<br>£ | 30 June<br>2011<br>£ |
|---------------------------|---------------------|------------------|-----------------------------------|----------------------|
| Cash at bank and in hand  | 3,423,442           | 1,271,922        | -                                 | 4,695,364            |
| Bank overdraft            | -                   | (102)            | -                                 | (102)                |
|                           | <u>3,423,442</u>    | <u>1,271,820</u> | <u>-</u>                          | <u>4,695,262</u>     |
| <b>Debt</b>               |                     |                  |                                   |                      |
| Debts due within one year | (3,035,000)         | 3,035,000        | -                                 | -                    |
|                           | <u>388,442</u>      | <u>4,306,820</u> | <u>-</u>                          | <u>4,695,262</u>     |
| <b>Net funds</b>          | <u>388,442</u>      | <u>4,306,820</u> | <u>-</u>                          | <u>4,695,262</u>     |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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**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 £953 (2010 - £nil). No contributions were payable to the fund at the balance sheet date.

**26 FINANCIAL COMMITMENTS**

During the previous year the company entered into forward rate agreements for Euros.

At the year end there was a commitment to sell €nil (2010: €2.3m) at various dates at exchange rates between €nil and €nil (2010: €1,106.8 and €1,164.2) dependant on stated terms.

**27 DIRECTORS' BENEFITS, ADVANCES, CREDIT AND GUARANTEES**

During the year the director provided an interest free loan to the company. The amount owed by the company to the director at the year end was £101,593 (2010: £29,223).

During the year, rent was paid to the director amounting to £10,000 (2010: £nil) in respect of the property from which the company trades.

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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#### 28 RELATED PARTY TRANSACTIONS

The following related parties outside of the group existed during the year ended 30th June 2010 in respect of the group and the company

J Rabin is a director and shareholder in C D Pharma Limited (dormant)  
J Rabin is a designated member of Biovent LLP (dormant)  
J Rabin is a director and shareholder of Phabs Pharma Limited  
J Rabin is a shareholder in Allomedic Gmbh  
J Rabin is a trustee of the Rabin Family Children's Trust  
J Rabin is a partner of the Rabin Partnership

C D Pharma Limited, Biovent LLP and Phabs Pharma Limited are companies incorporated in England and Wales Allomedic Gmbh is a company incorporated in Germany

During the period the group sold goods to Allomedic Gmbh of £2,208,186 (2010 £10,979,531) and purchased goods from Allomedic Gmbh of £133,756 (2010 £51,721)

During the year the company was charged rent of £10,000 (2010 £20,000) in respect of the property from which the company operates Of this charge, £6,500 (2010 £13,000) was payable to The Rabin Family Children's Trust, and £3,500 (2010 £7,000) was payable to the Director, J Rabin Both amounts were outstanding at the year end

During the year, the director provided an interest free loan to the company The amount owed by the company to the director at the year end was £101,513 (2010 £29,223)

At the year end the balances owing from / (owed to) related parties were

|                                              | 2011<br>£         | 2010<br>£         |
|----------------------------------------------|-------------------|-------------------|
| Balance due to C D Pharma Limited            | (321)             | (321)             |
| Balance due from Biovent LLP                 | -                 | 7,500             |
| Balance due from Allomedics Gmbh             | 83,792            | 1,849,621         |
| Balance due to Rabin Family Children's Trust | (243,347)         | (322,847)         |
| Balance due from the Rabin Partnership       | 8,829             | 5,329             |
|                                              | <u>          </u> | <u>          </u> |

During the year one of the group's subsidiaries paid a dividend of £1,100 (2010 £795) per ordinary share S Glanvill, a director of BR Pharma International Limited participated in the dividend and received £16,500 (2010 £11,925)

#### 29 CONTROLLING PARTY

In the opinion of the directors the ultimate controlling party is J Rabin by virtue of his shareholding and directorship

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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**30 PRINCIPAL SUBSIDIARIES**

| <b>Company name</b> | <b>Country</b>  | <b>Percentage<br/>Shareholding</b> | <b>Description</b>                   |
|---------------------|-----------------|------------------------------------|--------------------------------------|
| Pharmaki Limited    | England & Wales | 100%                               | wholesale of pharmaceutical<br>goods |
| Pharmakon Limited   | England & Wales | 76%                                | wholesale of pharmaceutical<br>goods |