

COMPANY REGISTRATION NUMBER 5118726

LAMBDA THERAPEUTIC LIMITED
FINANCIAL STATEMENTS
FOR
31 MARCH 2007



CLAYTON STARK & CO
Chartered Accountants & Registered Auditors
5th Floor Charles House
108 - 110 Finchley Road
London NW3 5JJ

LAMBDA THERAPEUTIC LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

CONTENTS	PAGE
The director's report	1
Independent auditor's report to the shareholder	3
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8
The following page does not form part of the financial statements	
Detailed profit and loss account	14

LAMBDA THERAPEUTIC LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 MARCH 2007

The director presents his report and the financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The parent company, Lambda Therapeutic Research Limited, a company incorporated in India, established this company with a view to conduct business in the UK

The principal activity of the company during the year was applying for licences and holding licences for the production of generic pharmaceutical products

During the year the company did not apply for any further licences

RESULTS AND DIVIDENDS

The loss for the year amounted to £29,192 The director has not recommended a dividend

FINANCIAL INSTRUMENTS AND RISKS

The company's principal financial instruments comprises of amounts owed to the parent company The parent company funds the operations of the company and as such the company is not exposed to financial risks

OTHER RISKS

The company does not face any such risks whilst it is in the process of being established

DIRECTOR

The director who served the company during the year was as follows

Mr A Menocha
Mr B H Chudgar

The company is a wholly owned subsidiary of Lambda Therapeutic Research Limited, a company incorporated in India Mr B H Chudgar is also a director of the parent company and together with his family members holds 99.7% of the shares in that company

Mr A Menocha resigned as a director on 29 August 2006

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has 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 of the profit or loss of the company for that period In preparing these financial statements, the director is required to

select suitable accounting policies and then apply them consistently,

make judgements 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 company will continue in business

LAMBDA THERAPEUTIC LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

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

In so far as the director is aware

there is no relevant audit information of which the company's auditor is unaware, and

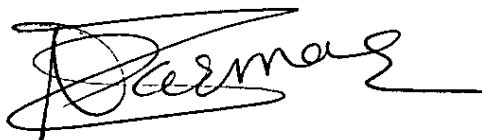
the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

The auditor, Clayton Stark & Co, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on

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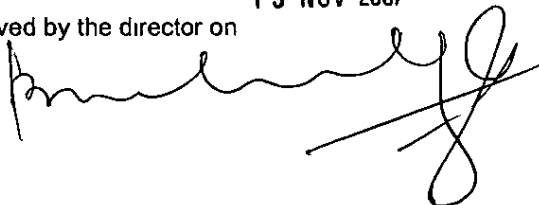
Signed by order of the director



MR N PARMAR
Company Secretary

19 NOV 2007

Approved by the director on



LAMBDA THERAPEUTIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF LAMBDA THERAPEUTIC LIMITED (continued)

YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Lambda Therapeutic Limited for the year ended 31 March 2007 on pages 5 to 12, which have been prepared on the basis of the accounting policies set out on page 8

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

The director's 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 Director's 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 Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Director's 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 judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

LAMBDA THERAPEUTIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF LAMBDA THERAPEUTIC LIMITED *(continued)*

YEAR ENDED 31 MARCH 2007

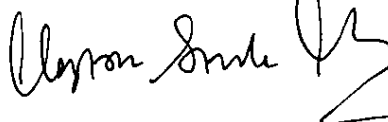
OPINION

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 company's affairs as at 31 March 2007 and of its loss 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 Director's Report is consistent with the financial statements



CLAYTON STARK & CO
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22 NOV 2007

LAMBDA THERAPEUTIC LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2007**

	Note	2007 £	2006 £
TURNOVER		—	—
Administrative expenses		<u>29,426</u>	<u>27,340</u>
OPERATING LOSS	2	(29,426)	(27,340)
Interest receivable		<u>234</u>	<u>3,229</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(29,192)	(24,111)
Tax on loss on ordinary activities		—	—
LOSS FOR THE FINANCIAL YEAR		(29,192)	(24,111)
Balance brought forward		<u>(44,884)</u>	<u>(20,773)</u>
Balance carried forward		<u>(74,076)</u>	<u>(44,884)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 12 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED

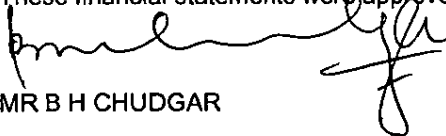
BALANCE SHEET

31 MARCH 2007

	Note	2007 £	£	2006 £	£
FIXED ASSETS					
Tangible assets	4		676,141		690,607
CURRENT ASSETS					
Debtors	5	22,487		21,463	
Cash at bank		<u>7,525</u>		<u>14,390</u>	
		30,012		35,853	
CREDITORS Amounts falling due within one year	6	<u>680,229</u>		<u>671,344</u>	
NET CURRENT LIABILITIES			(650,217)		(635,491)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>25,924</u>		<u>55,116</u>
CAPITAL AND RESERVES					
Called-up equity share capital	8		100,000		100,000
Profit and loss account			<u>(74,076)</u>		<u>(44,884)</u>
SHAREHOLDER'S FUNDS	9		<u>25,924</u>		<u>55,116</u>

These financial statements were approved and signed by the director on

19 NOV 2007


MR B H CHUDGAR

LAMBDA THERAPEUTIC LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 MARCH 2007**

	Note	2007 £	£	2006 £	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	10		(7,099)		(411,480)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	10		234		3,229
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	10		—		(13,945)
CASH OUTFLOW BEFORE FINANCING			(6,865)		(422,196)
FINANCING	10		—		99,999
DECREASE IN CASH	10		<u>(6,865)</u>		<u>(322,197)</u>

The notes on pages 8 to 12 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2007****1. ACCOUNTING POLICIES****Basis of accounting**

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

Going concern

The financial statements are prepared on a going concern basis having regard to the future prospects of the company and on the grounds that the parent company will continue to provide financial and operational support to the company for a period of at least twelve months from the date of approval of these accounts

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	- over 100 years straight line
Fixtures & Fittings	- 20% reducing balance

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

2 OPERATING LOSS

Operating loss is stated after charging

	2007 £	2006 £
Director's emoluments	—	—
Depreciation of owned fixed assets	14,466	17,251
Auditor's remuneration		
- as auditor	940	600
- for other services	4,980	1,000

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2007 £	2006 £
Audit	940	600
Under-provision in prior years	3,100	—
Accountancy	1,880	1,000
	5,920	1,600

3 PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the director, during the year

4 TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Total £
COST			
At 1 April 2006 and 31 March 2007	638,216	83,566	721,782
DEPRECIATION			
At 1 April 2006	3,323	27,852	31,175
Charge for the year	3,323	11,143	14,466
At 31 March 2007	6,646	38,995	45,641
NET BOOK VALUE			
At 31 March 2007	631,570	44,571	676,141
At 31 March 2006	634,893	55,714	690,607

Amortisation on freehold property is charged on the value of the building only and is spread over the useful life of the building estimated by the director to be 100 years

No amortisation is charged on that element of the freehold property relating to land value as in the director's opinion this is not relevant

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

5 DEBTORS

	2007 £	2006 £
Prepayments and accrued income	<u>22,487</u>	<u>21,463</u>

6 CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	670,977	660,977
Other creditors		
Directors current accounts	6,064	6,064
Accruals and deferred income	<u>3,188</u>	<u>4,303</u>
	<u>680,229</u>	<u>671,344</u>

7 RELATED PARTY TRANSACTIONS

The company was under the control of Mr B H Chudgar during the current period by virtue of his and his family's shareholding in the parent company

At 31 March 2007 the amount due to the parent company amounted to £670,977 (2006 - £660,977)

The amount payable to Mr B H Chudgar at 31st March 2007 amounted to £6,064 (2006 - £6,064) and this was also the maximum amount due to him during the year. There were no terms as to interest or repayment.

8. SHARE CAPITAL

Authorised share capital:

	2007 £	2006 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2007 £	2006 £
Loss for the financial year	(29,192)	(24,111)
New ordinary share capital subscribed	—	99,999
Net (reduction)/addition to shareholder's funds/(deficit)	<u>(29,192)</u>	<u>75,888</u>
Opening shareholder's funds/(deficit)	<u>55,116</u>	<u>(20,772)</u>
Closing shareholder's funds	<u>25,924</u>	<u>55,116</u>

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

10. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating loss	(29,426)	(27,340)
Depreciation	14,466	17,251
(Increase)/decrease in debtors	(1,024)	95,283
Increase/(decrease) in creditors	8,885	(496,674)
Net cash outflow from operating activities	<u>(7,099)</u>	<u>(411,480)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007 £	2006 £
Interest received	234	3,229
Net cash inflow from returns on investments and servicing of finance	<u>234</u>	<u>3,229</u>

CAPITAL EXPENDITURE

	2007 £	2006 £
Payments to acquire tangible fixed assets	—	(13,945)
Net cash outflow from capital expenditure	<u>—</u>	<u>(13,945)</u>

FINANCING

	2007 £	2006 £
Issue of equity share capital	—	99,999
Net cash inflow from financing	<u>—</u>	<u>99,999</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
Decrease in cash in the period	(6,865)	(322,197)
Movement in net funds in the period	<u>(6,865)</u>	<u>(322,197)</u>
Net funds at 1 April 2006	14,390	336,587
Net funds at 31 March 2007	<u>7,525</u>	<u>14,390</u>

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

10. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash			
Cash in hand and at bank	14,390	(6,865)	7,525
Net funds	<u>14,390</u>	<u>(6,865)</u>	<u>7,525</u>

11 ULTIMATE PARENT COMPANY

The ultimate parent company is Lambda Therapeutic Research Ltd , a company incorporated in India