COMPANY REGISTRATION NUMBER 05118726

LAMBDA THERAPEUTIC LIMITED

FINANCIAL STATEMENTS

31 MARCH 2010

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COMPANIES HOUSE

CLAYTON STARK & CO

Chartered Accountants & Statutory Auditor

5th Floor,Charles House

108-110 Finchley Road

London NW3 5JJ

LAMBDA THERAPEUCTIC LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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LAMBDA THERAPEUCTIC LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2010

The directors present their report and the financial statements of the group for the year ended 31 March 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Lambda Therapeutic Research Limited, a company incorporated in India The company also has one subsidiary company, Pharm V Solutions Limited, a company providing pharmcovigilance and other consultancy services in the pharmaceutical industry This subsidiary company is included in the consolidated accounts The revenue of the group is wholly attributable to this subsidiary company. In addition to the business of the subsidiary company, the company was in the process of developing laboratory facilities to test pharmaceuticals as at the year end. The laboratory became operational in November 2009. The directors intend to expand the business substantially with the financial, operational and technical assistance of the ultimate parent company

The key financial highlights are as follows

	2010	2009 6 months to 31 03 09
	£	£
Turnover	**840,699**	259,561
Loss before tax	**(163,691)**	(22,321)

Comparative results are given for six months as the subsidiary was part of the group only for this period

RESULTS AND DIVIDENDS

The loss for the year after providing for deferred tax credit amounted to £120,838 The directors have not recommended a dividend

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial instruments comprise of Bank Balances, Creditors, Debtors and amounts owed to the parent company and related companies The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The Group's approach to managing other risks applicable to financial instruments is disclosed below

The liquidity risk is managed by maintaining balances with the parent company to ensure sufficient funds are available to meet the requirements of the business The group does not use Bank overdraft facility and the company endeavours to maintain sufficient balances to meet the requirements of the business. The company makes use of a bank deposit account when it has funds surplus to needs

Debtors are managed in respect of credit and cash flow risk by monitoring the debtor balances and credit offered to customers

OTHER RISKS

The operational risks mainly relate to competition and the company actively controls costs to overcome this

CREDITOR PAYMENT POLICY

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due It is the group's policy to maintain good relationships with its suppliers Suppliers are made aware of the terms of payment, which are agreed with them in advance and these terms are adhered to The number of days supplies included in trade creditors at 31st March 2010 was 160 days

DIRECTORS

The directors who served the company during the year were as follows·

Mr B H Chudgar	
Mr A Khan	(resigned 19 November 2010)
Mr D Saini	(appointed 19 November 2010)

DIRECTORS' RESPONSIBILITIES

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 year In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

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

AUDITOR
Clayton Stark & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office·
5th Floor, Charles House
108 - 110 Finchley Road
London
NW3 5JJ

Signed on behalf of the board

MR D SAINI
Director

Approved by the directors on 23 DEC 2010

LAMBDA THERAPEUCTIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAMBDA THERAPEUCTIC LIMITED

YEAR ENDED 31 MARCH 2010

We have audited the group and parent company financial statements ("the financial statements") of Lambda Therapeuctic Limited for the year ended 31 March 2010 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR
As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, 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 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 (APB'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 directors, and the overall presentation of the financial statements

OPINION ON FINANCIAL STATEMENTS
In our opinion the financial statements·

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2010 and of the group's loss 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 MATTERS 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

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

YEAR ENDED 31 MARCH 2010

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

N J KARIYA (Senior Statutory Auditor)
For and on behalf of
CLAYTON STARK & CO
Chartered Accountants
& Statutory Auditor

Chartered Accountants and Registered Auditors
5th Floor,Charles House
108-110 Finchley Road
London NW3 5JJ

29 DEC 2010

LAMBDA THERAPEUCTIC LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
GROUP TURNOVER	2	840,699	259,561
Cost of sales		784,492	213,324
GROSS PROFIT		56,207	46,237
Administrative expenses		219,840	68,786
OPERATING LOSS	3	(163,633)	(22,549)
Interest receivable		–	423
Interest payable and similar charges	5	(58)	(195)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(163,691)	(22,321)
Tax on loss on ordinary activities	6	(42,853)	2,338
LOSS FOR THE FINANCIAL YEAR	7	(120,838)	(24,659)

All of the activities of the group are classed as continuing

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 12 to 23 form part of these financial statements.

LAMBDA THERAPEUTIC LIMITED

GROUP BALANCE SHEET

31 MARCH 2010

	Note	2010 £	£	2009 £
FIXED ASSETS				
Intangible assets	8		625,598	659,567
Tangible assets	9		1,032,146	671,185
			1,657,744	1,330,752
CURRENT ASSETS				
Debtors	11	277,358		277,717
Cash at bank and in hand		11,524		17,168
		288,882		294,885
CREDITORS: Amounts falling due within one year	13	2,093,927		1,649,400
NET CURRENT LIABILITIES			(1,805,045)	(1,354,515)
TOTAL ASSETS LESS CURRENT LIABILITIES			(147,301)	(23,763)
PROVISIONS FOR LIABILITIES				
Deferred taxation	12		–	2,700
			(147,301)	(26,463)
CAPITAL AND RESERVES				
Called-up equity share capital	16		100,000	100,000
Profit and loss account	17		(247,301)	(126,463)
DEFICIT	17		(147,301)	(26,463)

These financial statements were approved by the directors and authorised for issue on 23 DEC 2010 and are signed on their behalf by

MR D SAINI

The notes on pages 12 to 23 form part of these financial statements.

LAMBDA THERAPEUTIC LIMITED

BALANCE SHEET

31 MARCH 2010

	Note	2010 £	£	2009 £
FIXED ASSETS				
Tangible assets	9		1,008,117	658,060
Investments	10		757,070	757,070
			1,765,187	1,415,130
CURRENT ASSETS				
Debtors	11	102,653		9,615
Cash at bank and in hand		6,947		10,702
		109,600		20,317
CREDITORS: Amounts falling due within one year	13	2,011,425		1,456,833
NET CURRENT LIABILITIES			(1,901,825)	(1,436,516)
TOTAL ASSETS LESS CURRENT LIABILITIES			(136,638)	(21,386)
CAPITAL AND RESERVES				
Called-up equity share capital	16		100,000	100,000
Profit and loss account	17		(236,638)	(121,386)
DEFICIT			(136,638)	(21,386)

These financial statements were approved by the directors and authorised for issue on 23 DEC 2010 and are signed on their behalf by

MR D SAINI

Company Registration Number. 05118726

The notes on pages 12 to 23 form part of these financial statements.

LAMBDA THERAPEUCTIC LIMITED

GROUP CASH FLOW

YEAR ENDED 31 MARCH 2010

	Note	2010 £	£	2009 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		399,398	683,281
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18		(58)	228
TAXATION	18		(25,150)	26,712
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18		(379,834)	(693,943)
(DECREASE)/INCREASE IN CASH	18		(5,644)	16,278

The notes on pages 12 to 23 form part of these financial statements.

LAMBDA THERAPEUCTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Amortisation

Amortisation 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

Goodwill	-	over 20 years straight line

Fixed assets

All fixed assets are stated at cost less depreciation and amortisation

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
Plant and Machinery	-	25% p a reducing balance
Fixtures & Fittings	-	20% / 25% p a reducing balance
Office Equipment	-	25% p a straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

1. ACCOUNTING POLICIES *(continued)*

Going concern

The financial statements are prepared on a going concern basis having regard to future prospects of the company and its subsidiary company, and the continued support of the ultimate parent company

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

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

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

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group
An analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	840,699	259,561

3. OPERATING LOSS

Operating loss is stated after charging

	2010	2009
	£	£
Directors' remuneration	–	–
Amortisation of intangible assets	33,969	19,815
Depreciation of owned fixed assets	18,873	13,041
Operating lease costs		
- Land and buildings	52,983	7,028
Net loss on foreign currency translation	100	–

	2010	2009
	£	£
Auditor's remuneration - audit of the financial statements	5,100	4,000
Auditor's remuneration - other fees		
- Other services	7,550	3,500
- Tax matters	2,500	1,500
- Payroll services	1,150	500
	11,200	5,500

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2010 No	2009 No
Number of consultancy services staff	17	4
Number of management staff	4	2
	21	6

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	271,434	91,777
Social security costs	28,103	10,750
	299,537	102,527

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Other similar charges payable	58	195

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2009 - 21%)	-	1,000
Over/under provision in prior year	597	(1,362)
Total current tax	597	(362)
Deferred tax		
Origination and reversal of timing differences	(43,450)	2,700
Tax on loss on ordinary activities	(42,853)	2,338

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2009 - 21%)

	2010 £	2009 £
Loss on ordinary activities before taxation	(163,691)	(22,321)
Loss on ordinary activities by rate of tax	(34,375)	(4,687)
Expenses not deductible for tax purposes	1,582	141
Depreciation in excess of Capital Allowances	9,424	7,247
Utilisation of tax losses	-	(1,685)
Income not chargeable to tax	-	(16)
Adjustment to tax charge in respect of previous periods	597	(1,362)
Tax losses not utilised	23,369	-
Total current tax (note 6(a))	597	(362)

7. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(115,252) (2009 - £(19,582))

8. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 April 2009 and 31 March 2010	679,382
AMORTISATION	
At 1 April 2009	19,815
Charge for the year	33,969
At 31 March 2010	53,784
NET BOOK VALUE	
At 31 March 2010	625,598
At 31 March 2009	659,567

9. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Office Equipment £	Total £
COST					
At 1 April 2009	638,216	–	96,328	11,918	746,462
Additions	–	298,938	74,579	6,317	379,834
At 31 March 2010	638,216	298,938	170,907	18,235	1,126,296
DEPRECIATION					
At 1 April 2009	13,290	–	59,241	2,746	75,277
Charge for the year	3,322	–	10,994	4,557	18,873
At 31 March 2010	16,612	–	70,235	7,303	94,150
NET BOOK VALUE					
At 31 March 2010	621,604	298,938	100,672	10,932	1,032,146
At 31 March 2009	624,926	–	37,087	9,172	671,185

Company	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST				
At 1 April 2009	638,216	–	90,766	728,982
Additions	–	298,938	61,068	360,006
At 31 March 2010	638,216	298,938	151,834	1,088,988
DEPRECIATION				
At 1 April 2009	13,290	–	57,632	70,922
Charge for the year	3,322	–	6,627	9,949
At 31 March 2010	16,612	–	64,259	80,871
NET BOOK VALUE				
At 31 March 2010	621,604	298,938	87,575	1,008,117
At 31 March 2009	624,926	–	33,134	658,060

10. INVESTMENTS

Company	Group companies £
COST	
At 1 April 2009 and 31 March 2010	**757,070**
NET BOOK VALUE	
At 31 March 2010 and 31 March 2009	**757,070**

The company holds all of the issued share capital of Pharm V Solutions Limited (a company incorporated in England and Wales) The company's business is to provide pharmcovigilance and other consultancy services in the pharmaceutical industry.

11. DEBTORS

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade debtors	**43,417**	267,892	**–**	–
Amounts owed by group undertakings	**–**	–	**16,591**	–
VAT recoverable	**26,735**	9,615	**26,735**	9,615
Other debtors	**137,427**	–	**–**	–
Deferred taxation (Note 12)	**40,750**	–	**43,000**	–
Prepayments and accrued income	**29,029**	210	**16,327**	–
	277,358	277,717	**102,653**	9,615

12. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Provision brought forward	**(2,700)**	-	**-**	-
Increase/(Decrease) in asset	**43,450**	(2,700)	**43,000**	-
Asset/Provision carried forward	**40,750**	(2,700)	**43,000**	-

12. DEFERRED TAXATION *(continued)*

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	(2,250)	-	(2,700)	-
Tax losses available	43,000	-	-	-
	40,750	-	(2,700)	-

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Tax losses available	43,000	-	-	-

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	144,384	100,536	14,509	–
Amounts owed to group undertakings	1,243,020	687,977	1,175,002	687,977
Directors' loan accounts	6,064	6,064	6,064	6,064
Other creditors including taxation and social security				
Corporation tax	1,797	26,350	–	–
Other taxation and social security	86,643	55,865	2,326	–
Other creditors	445,173	477,332	659,028	475,992
Accruals and deferred income	166,846	295,276	154,496	286,800
	2,093,927	1,649,400	2,011,425	1,456,833

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2010 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2010	2009
	£	£
Operating leases which expire:		
Within 1 year	27,000	-
Within 2 to 5 years	-	11,000
	27,000	11,000

15. RELATED PARTY TRANSACTIONS

The company was under the control of Mr B H Chudgar by virtue of his and his family's interest in the ultimate parent company, Lambda Therapeutic Research Limited, India Mr B H Chudgar is also a shareholder and director of Intas Pharmaceutical Limited, India and a director of Accord Healthcare Ltd (UK) and Astron Research Ltd (UK) The ultimate parent company of Accord Healthcare Limited (UK) and Astron Research Limited (UK) is Intas Pharmaceutical Limited, India

Transactions with group undertakings are summarised below

	2010 £	2009 £
Purchases from		
Lambda Therapeutic Research Limited, India	211,966	Nil
Lambda Therapeutic Sp z o o	73,830	Nil

Transactions with related companies are summarised below

	2010 £	2009 £
Sales to:		
Accord Healthcare Limited	500,687	Nil
Accord Healthcare Inc , USA	46,477	Nil
Astron Research Limited	154,000	Nil

Amounts due to group undertakings at the balance sheet date and shown under creditors (note 13) were.

	2010 £	2009 £
Lambda Therapeutics Limited, India	1,175,002	687,977
Lambda Therapeutic Sp z o o	68,018	Nil

Amounts due to related companies at the balance sheet date and shown under creditors (note 13) were.

	2010 £	2009 £
Accord Healthcare Limited	443,833	475,992
Intas Pharmaceuticals Limited	1,340	1,340

Amounts due from related companies at the balance sheet date and shown under debtors (note 11) were

	2010 £	2009 £
Astron Research Limited	90,950	Nil
Accord Healthcare Inc , USA	46,477	Nil

Amounts due to directors at the balance sheet date were

	2010 £	2009 £
Mr B H Chudgar	6,064	6,064

There were no terms as to repayment or interest in respect of the amounts receivable or payable to group or related parties

16. SHARE CAPITAL

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
100,000 Ordinary shares of £1 each	100,000	100,000	100,000	100,000

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group	Share capital £	Profit and loss account £	Total share-holders' funds £
Balance brought forward	100,000	(126,463)	(26,463)
Loss for the year	–	(120,838)	(120,838)
Balance carried forward	100,000	(247,301)	(147,301)

Company	Share capital £	Profit and loss account £	Total share-holders' funds £
Balance brought forward	100,000	(101,804)	(1,804)
Loss for the year	–	(19,582)	(19,582)
Balance brought forward	100,000	(121,386)	(21,386)
Loss for the year	–	(115,252)	(115,252)
Balance carried forward	100,000	(236,638)	(136,638)

18. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating loss	(163,633)	(22,549)
Amortisation	33,969	19,815
Depreciation	18,873	13,041
Decrease/(increase) in debtors	41,109	(253,709)
Increase in creditors	469,080	926,683
Net cash inflow from operating activities	399,398	683,281

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 £	2009 £
Interest received	–	423
Interest paid	(58)	(195)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(58)	228

TAXATION

	2010 £	2009 £
Taxation	(25,150)	26,712

CAPITAL EXPENDITURE

	2010 £	2009 £
Payments to acquire intangible fixed assets	–	(679,382)
Payments to acquire tangible fixed assets	(379,834)	(14,561)
Net cash outflow from capital expenditure	(379,834)	(693,943)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £	2009 £
(Decrease)/Increase in cash in the period	(5,644)	16,278
Movement in net funds in the period	(5,644)	16,278
Net funds at 1 April 2009	17,168	890
Net funds at 31 March 2010	11,524	17,168

18. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2009 £	Cash flows £	At 31 Mar 2010 £
Net cash			
Cash in hand and at bank	17,168	(5,644)	11,524
Net funds	17,168	(5,644)	11,524

19. POST BALANCE SHEET EVENTS

Subsequent to the Balance Sheet date the company completed the development of a laboratory to provide facilities for testing pharmaceuticals The facility became operational in November 2009

20. ULTIMATE PARENT COMPANY

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