

LAMBDA THERAPEUTIC LIMITED
FINANCIAL STATEMENTS
31 MARCH 2012



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

LAMBDA THERAPEUTIC LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

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LAMBDA THERAPEUTIC LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements of the group for the year ended 31 March 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Lambda Therapeutic Research Limited, a company incorporated in India. The company provides pharmacovigilance and bio-analytical services to the pharmaceutical industry. The company receives support from its parent company in providing these services and has managed to increase its turnover. Further improvement in the results is anticipated in forthcoming periods.

The results for the period are set out on page 5. No comparative performance indicators are set out here as the company's full services were only offered effective from the end of the previous period.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £191,061 (2011- loss of £521,629). 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

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.

DIRECTORS

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

Mr B H Chudgar
Mr D Sami

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 accounting estimates that are reasonable and prudent,

LAMBDA THERAPEUTIC LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

- 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

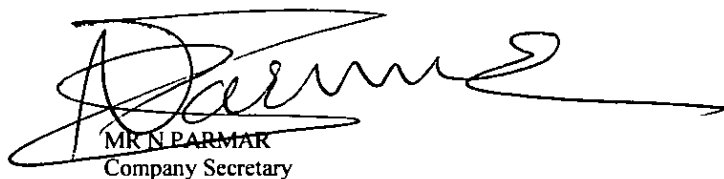
- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 by order of the directors



MR N PARMAR
Company Secretary

Approved by the directors on - 6 NOV 2012

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

YEAR ENDED 31 MARCH 2012

We have audited the group and parent company financial statements ("the financial statements") of Lambda Therapeutic Limited for the year ended 31 March 2012 on pages 5 to 19. 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 1 to 2, 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 (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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 parent company's affairs as at 31 March 2012 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 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.

LAMBDA THERAPEUTIC LIMITED

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

YEAR ENDED 31 MARCH 2012

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

5th Floor Charles House
108-110 Finchley Road
London NW3 5JJ

- 7 NOV 2012

LAMBDA THERAPEUTIC LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
GROUP TURNOVER	2	1,500,049	1,095,791
Cost of sales		<u>559,487</u>	<u>1,267,415</u>
GROSS PROFIT/(LOSS)		940,562	(171,624)
Administrative expenses		575,946	474,935
Other operating income	3	<u>(36,000)</u>	<u>—</u>
OPERATING PROFIT/(LOSS)	4	400,616	(646,559)
Interest payable and similar charges	6	—	1,375
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>400,616</u>	<u>(647,934)</u>
Tax on profit/(loss) on ordinary activities	7	209,555	(126,305)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	8	<u>191,061</u>	<u>(521,629)</u>

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 9 to 19 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED

GROUP BALANCE SHEET

31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	9	518,561	591,629
Tangible assets	10	1,061,778	993,011
		<u>1,580,339</u>	<u>1,584,640</u>
CURRENT ASSETS			
Debtors	12	682,040	531,999
Cash at bank and in hand		48,866	24,240
		<u>730,906</u>	<u>556,239</u>
CREDITORS. Amounts falling due within one year	13	<u>2,746,614</u>	<u>2,789,937</u>
NET CURRENT LIABILITIES		<u>(2,015,708)</u>	<u>(2,233,698)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(435,369)</u>	<u>(649,058)</u>
CREDITORS Amounts falling due after more than one year	14	–	19,872
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	42,500	–
		<u>(477,869)</u>	<u>(668,930)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	100,000	100,000
Profit and loss account	20	(577,869)	(768,930)
DEFICIT	20	<u>(477,869)</u>	<u>(668,930)</u>

These financial statements were approved by the directors and authorised for issue on behalf by

- 6 NOV 2012

, and are signed on their



MR D SAINI

The notes on pages 9 to 19 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED

BALANCE SHEET

31 MARCH 2012

	Note	2012 £	£	2011 £
FIXED ASSETS				
Tangible assets	10		1,061,777	993,012
Investments	11		716,412	757,070
			<u>1,778,189</u>	<u>1,750,082</u>
CURRENT ASSETS				
Debtors	12	682,040		488,027
Cash at bank and in hand		47,832		20,638
		<u>729,872</u>		<u>508,665</u>
CREDITORS: Amounts falling due within one year	13	<u>2,946,366</u>		<u>2,955,010</u>
NET CURRENT LIABILITIES			<u>(2,216,494)</u>	<u>(2,446,345)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(438,305)</u>	<u>(696,263)</u>
CREDITORS: Amounts falling due after more than one year	14		–	19,872
PROVISIONS FOR LIABILITIES				
Deferred taxation	16		42,500	–
			<u>(480,805)</u>	<u>(716,135)</u>
CAPITAL AND RESERVES				
Called-up equity share capital	19		100,000	100,000
Profit and loss account	20		(580,805)	(816,135)
DEFICIT			<u>(480,805)</u>	<u>(716,135)</u>

These financial statements were approved by the directors and authorised for issue on behalf by

- 6 NOV 2012

, and are signed on their



MR. D SAINT

Company Registration Number 05118726

The notes on pages 9 to 19 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED

GROUP CASH FLOW

YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	223,970	73,614
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21	–	(1,375)
TAXATION	21	–	(1,720)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	21	(214,458)	(83,347)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		9,512	(12,828)
FINANCING	21	(25,544)	25,544
(DECREASE)/INCREASE IN CASH	21	<u>(16,032)</u>	<u>12,716</u>

The notes on pages 9 to 19 form part of these financial statements.

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

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 for services provided 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 & Machinery	- 25% p a reducing balance
Fixtures & Fittings	- 20% / 25% p a reducing balance
Motor Vehicles	- 25% p a straight line
Office Equipment	- 25% p a straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

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.

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:

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES *(continued)*

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.

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.

2 TURNOVER

An analysis of turnover is given below:

	2012 £	2011 £
United Kingdom	1,210,652	866,230
Rest of Europe	218,687	193,804
North America	70,710	27,506
Asia	-	8,251
	<u>1,500,049</u>	<u>1,095,791</u>

3 OTHER OPERATING INCOME

	2012 £	2011 £
Rent receivable	<u>36,000</u>	<u>-</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2012 £	2011 £
Directors' remuneration	–	–
Amortisation of intangible assets	32,410	33,969
Depreciation of owned fixed assets	145,691	114,232
Depreciation of assets held under hire purchase agreements	–	8,250
Operating lease costs		
- Other	59,434	74,076
Net loss on foreign currency translation	13,641	4,696
Auditor's remuneration		
- Audit of company's annual accounts	3,000	3,000
- Audit of other group company annual accounts	1,000	1,500
- Services relating to taxation	2,500	2,500
- Other services	14,450	14,550
	<u> </u>	<u> </u>

5 PARTICULARS OF EMPLOYEES

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

	2012 No	2011 No
Number of management staff	2	3
Number of research and operational staff	11	17
	<u>13</u>	<u>20</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	428,001	816,270
Social security costs	45,144	55,273
	<u>473,145</u>	<u>871,543</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Finance charges	–	1,324
Other similar charges payable	–	51
	<u>–</u>	<u>1,375</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £	2011 £
Deferred tax		
Origination and reversal of timing differences	<u>209,555</u>	<u>(126,305)</u>

(b) Factors affecting current tax charge

	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	<u>400,616</u>	<u>(647,934)</u>
Profit/(loss) on ordinary activities by rate of tax	104,160	(136,126)
Expenses not deductible for tax purposes	12,176	7,471
Depreciation in excess of Capital Allowances	35,088	26,419
Utilisation of tax losses / carried forward	<u>(151,424)</u>	<u>102,236</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £235,330 (2011 - £(579,497))

9 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 April 2011	679,382
Adjustments to deferred consideration	<u>(40,658)</u>
At 31 March 2012	<u>638,724</u>
AMORTISATION	
At 1 April 2011	87,753
Charge for the year	<u>32,410</u>
At 31 March 2012	<u>120,163</u>
NET BOOK VALUE	
At 31 March 2012	<u>518,561</u>
At 31 March 2011	<u>591,629</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

10 TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Other Assets £	Total £
COST						
At 1 Apr 2011	638,216	316,387	190,463	33,000	31,577	1,209,643
Additions	—	104,230	129,469	—	2,059	235,758
Disposals	—	—	—	(33,000)	—	(33,000)
At 31 Mar 2012	638,216	420,617	319,932	—	33,636	1,412,401
DEPRECIATION						
At 1 Apr 2011	19,934	79,097	94,280	8,250	15,071	216,632
Charge for the year	3,322	85,380	45,130	3,450	8,409	145,691
On disposals	—	—	—	(11,700)	—	(11,700)
At 31 Mar 2012	23,256	164,477	139,410	—	23,480	350,623
NET BOOK VALUE						
At 31 Mar 2012	614,960	256,140	180,522	—	10,156	1,061,778
At 31 Mar 2011	618,282	237,290	96,183	24,750	16,506	993,011

Hire purchase agreements

Included within the net book value of £1,061,778 is £Nil (2011 - £24,750) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2011 - £8,250).

Company	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Other Assets £	Total £
COST						
At 1 Apr 2011	638,216	316,387	190,463	33,000	31,578	1,209,644
Additions	—	104,230	129,468	—	2,058	235,756
Disposals	—	—	—	(33,000)	—	(33,000)
At 31 Mar 2012	638,216	420,617	319,931	—	33,636	1,412,400
DEPRECIATION						
At 1 Apr 2011	19,934	79,097	94,280	8,250	15,071	216,632
Charge for the year	3,322	85,380	45,130	3,450	8,409	145,691
On disposals	—	—	—	(11,700)	—	(11,700)
At 31 Mar 2012	23,256	164,477	139,410	—	23,480	350,623
NET BOOK VALUE						
At 31 Mar 2012	614,960	256,140	180,521	—	10,156	1,061,777
At 31 Mar 2011	618,282	237,290	96,183	24,750	16,507	993,012

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

10 TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £1,061,777 is £Nil (2011 - £24,750) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2011 - £8,250).

11 INVESTMENTS

Company	Group companies £
COST	
At 1 April 2011	<u>757,070</u>
ADJUSTMENTS	
Adjustment to deferred consideration	<u>40,658</u>
At 31 March 2012	<u>40,658</u>
NET BOOK VALUE	
At 31 March 2012	<u>716,412</u>
At 31 March 2011	<u>757,070</u>

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 was to provide pharmacovigilance and other consultancy services in the pharmaceutical industry, and this business was transferred to the parent company with effect from 1st November 2010.

12 DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	578,577	312,250	578,577	277,041
VAT recoverable	9,615	9,615	9,615	9,615
Other debtors	–	2,602	–	2,602
Deferred taxation (Note 16)	–	167,055	–	169,755
Prepayments and accrued income	93,848	40,477	93,848	29,014
	<u>682,040</u>	<u>531,999</u>	<u>682,040</u>	<u>488,027</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

13 CREDITORS: Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	65,478	76,996	65,477	76,493
Amounts owed to group undertakings	1,158,275	1,175,675	1,405,455	1,396,830
Hire purchase agreements	–	5,672	–	5,672
Directors' loan accounts	6,064	6,064	6,064	6,064
Other creditors including taxation and social security	–	–	–	–
Corporation tax	77	77	–	–
Other taxation and social security	126,514	79,459	82,002	34,547
Other creditors	1,315,562	1,310,009	1,314,222	1,308,669
Accruals and deferred income	74,644	135,985	73,144	126,735
	<u>2,746,614</u>	<u>2,789,937</u>	<u>2,946,366</u>	<u>2,955,010</u>

14 CREDITORS Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Hire purchase agreements	–	19,872	–	19,872

15 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2012	2011
	£	£
Group and Company		
Amounts payable within 1 year	–	5,672
Amounts payable between 2 to 5 years	–	22,366
	–	28,038
Less interest and finance charges relating to future periods	–	(2,494)
	–	<u>25,544</u>

16 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Asset brought forward	(167,055)	(40,750)	(169,755)	(43,000)
Increase/(Decrease) in provision	209,555	(126,305)	212,255	(126,755)
Provision/Asset carried forward	<u>42,500</u>	<u>(167,055)</u>	<u>42,500</u>	<u>(169,755)</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

16 DEFERRED TAXATION *(continued)*

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

Group	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets/(Excess of depreciation over taxation allowances)	59,000	-	(26,687)	-
Tax losses available	(16,500)	-	(140,368)	-
	<u>42,500</u>	<u>-</u>	<u>(167,055)</u>	<u>-</u>

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

Company	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets/(Excess of depreciation over taxation allowances)	59,000	-	(29,387)	-
Tax losses available	(16,500)	-	(140,368)	-
	<u>42,500</u>	<u>-</u>	<u>(169,755)</u>	<u>-</u>

17 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings	
	2012 £	2011 £
Operating leases which expire		
Within 1 year	-	4,500
After more than 5 years	45,000	45,000
	<u>45,000</u>	<u>49,500</u>

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below

Company	Land and buildings	
	2012 £	2011 £
Operating leases which expire		
After more than 5 years	45,000	45,000
	<u>45,000</u>	<u>45,000</u>

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

18 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. Lambda Therapeutic Sp z o o (Poland) is also a group company. 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), Accord Healthcare Inc (USA) and Astron Research Limited (UK) is Intas Pharmaceutical Limited, India.

The staff of group companies have provided assistance to the company without consideration. Other transactions with group undertakings are summarised below:

	2012 £	2011 £
Purchases from Lambda Therapeutic Research Limited, India	96,000	Nil
Sales to Lambda Therapeutic Sp z o o	156,637	110,627

Transactions with related companies are summarised below:

	2012 £	2011 £
Sales to Accord Healthcare Limited	939,279	441,358
Accord Healthcare Inc, USA	109,629	11,606
Astron Research Limited	Nil	Nil

Amounts due to group undertakings at the balance sheet date and included in creditors (note 13):

	2012 £	2011 £
Lambda Therapeutics Limited, India	1,158,275	1,175,002

Amounts due to related companies at the balance sheet date and included in creditors (note 13) were:

	2012 £	2011 £
Accord Healthcare Limited	1,203,669	1,203,669
Intas Pharmaceuticals Limited	1,340	1,340
Astron Research Limited	107,942	105,000

Amounts due to directors at the balance sheet date were:

	2012 £	2011 £
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.

19 SHARE CAPITAL

Allotted, called up and fully paid.

	2012 No	£	2011 No	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

20 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group	Share capital £	Profit and loss account £	Total share-holders' funds £
Balance brought forward	100,000	(768,930)	(668,930)
Profit for the year	—	191,061	191,061
Balance carried forward	<u>100,000</u>	<u>(577,869)</u>	<u>(477,869)</u>

Company	Share capital £	Profit and loss account £	Total share-holders' funds £
Balance brought forward	100,000	(816,135)	(716,135)
Profit for the year	—	235,330	235,330
Balance carried forward	<u>100,000</u>	<u>(580,805)</u>	<u>(480,805)</u>

21 NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit/(loss)	400,616	(646,559)
Amortisation	32,410	33,969
Depreciation	145,691	122,482
Increase in debtors	(317,096)	(128,336)
(Decrease)/increase in creditors	(37,651)	692,058
Net cash inflow from operating activities	<u>223,970</u>	<u>73,614</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest paid	—	(51)
Interest element of hire purchase	—	(1,324)
Net cash outflow from returns on investments and servicing of finance	<u>—</u>	<u>(1,375)</u>

TAXATION

	2012 £	2011 £
Taxation	<u>—</u>	<u>(1,720)</u>

LAMBDA THERAPEUTIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

21 NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE

	2012 £	2011 £
Payments to acquire tangible fixed assets	(235,758)	(83,347)
Receipts from sale of fixed assets	21,300	—
Net cash outflow from capital expenditure	<u>(214,458)</u>	<u>(83,347)</u>

FINANCING

	2012 £	2011 £
Capital element of hire purchase	(25,544)	25,544
Net cash (outflow)/inflow from financing	<u>(25,544)</u>	<u>25,544</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
(Decrease)/increase in cash in the period	(16,032)	12,716
Cash outflow in respect of hire purchase	<u>25,544</u>	(25,544)
	9,512	(12,828)
Change in net funds	9,512	(12,828)
Net debt at 1 April 2011	(1,304)	11,524
Net funds at 31 March 2012	<u>48,866</u>	<u>(1,304)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2011 £	Cash flows £	At 31 Mar 2012 £
Net cash			
Cash in hand and at bank	24,240	24,626	48,866
Debt			
Hire purchase agreements	(25,544)	25,544	—
Net funds	<u>(1,304)</u>	<u>50,170</u>	<u>48,866</u>

22 ULTIMATE PARENT COMPANY

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