

# Marksans Pharma UK

Annual Report

For the year ended 31 March 2014

# Marksans Pharma UK

## Directors and Advisers

---

**Directors**

M Saldanha  
S Saldanha  
J Sharma

**Secretary**

Mr D Barlow

**Company number**

05467597

**Registered office**

Cheshire House  
Gorsey Lane  
Widnes  
WA8 0RP

**Registered auditors**

Kingston Smith LLP  
Surrey House  
36-44 High Street  
Redhill  
Surrey  
RH1 1RH

---

# Marksans Pharma UK

## Contents

---

|   | <b>Page</b> |
|---|-------------|
| Strategic report                              | 1           |
| Directors' report                             | 2 - 3       |
| Independent auditors' report                  | 4 - 5       |
| Consolidated profit and loss account          | 6           |
| Balance sheets                                | 7           |
| Consolidated cash flow statement              | 8           |
| Notes to the consolidated cash flow statement | 9           |
| Notes to the financial statements             | 10 - 21     |

---

# Marksans Pharma UK

## Strategic Report

For the year ended 31 March 2014

---

The directors present the strategic report and financial statements for the year ended 31 March 2014.

### Review of the business

The company holds the entire ordinary share capital of Marksans Holdings Limited and Relonchem Limited. Marksans Holdings Limited owns 100% of the ordinary share capital of Bell Sons and Co. (Druggists) Limited.

The directors consider the results of Bell Sons and Co. (Druggists) Limited for the year to be satisfactory. During the year like for like sales increased from £15,541,954 to £16,911,972 and the profit on ordinary activities before taxation was £931,361 (2013: £931,543). The directors expect an increase in the level of activity in the forthcoming year.

The directors consider the results of Relonchem Limited for the year to be satisfactory. During the year like for like sales increased from £6,927,927 to £11,324,964 and this year the company made a profit on ordinary activities before taxation of £1,273,697 (2013: £58,090).

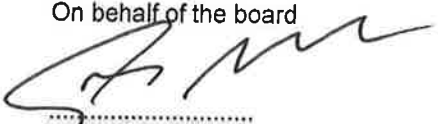
The business model of the company is to secure sustained profitable growth via a change in the customer base to support long term supply arrangements and a progressive commercial reactivation of its substantial product portfolio (leveraging on the low cost manufacturing of its parent Marksans Pharma Limited). The directors therefore expect the performance of the company to continue to be improved in the next financial year.

Increasing purchasing costs continue to threaten margins. The group manages this risk by establishing strong relationships with suppliers (in particular its parent Marksans Pharma Limited), to enable negotiation and controlled management of potential future price increases and secure reliable supply. In addition production methods are constantly being reviewed to ensure the most efficient operations are in place.

The Group will continue to develop its product range through new product development and acquisition of licences, to meet market needs.

The profit for the year, after taxation, amounted to £1,434,605 (2013: £219,532).

On behalf of the board

  
.....  
**M Saldanha**  
**Director**  
.....

22.05-2014

# Marksans Pharma UK

## Directors' Report

For the year ended 31 March 2014

---

The directors present their report and financial statements for the year ended 31 March 2014.

The principal activity of the company continued to be that of a holding company.

### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 6.

### **Directors**

The following directors have held office since 1 April 2013:

M Saldanha  
S Saldanha  
J Sharma

### **Auditors**

Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of 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 of 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 judgements and accounting 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.

# Marksans Pharma UK

## Directors' Report (Continued)

For the year ended 31 March 2014

---

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



M Saldanha  
Director

22.05.2014

# Marksans Pharma UK

## Independent Auditors' Report to the Members of Marksans Pharma UK

---

We have audited the group and parent company financial statements (the "financial statements") of Marksans Pharma UK for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Marksans Pharma UK

## Independent Auditors' Report to the Members of Marksans Pharma UK (Continued)

---

### **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.

*P. Chadda*

**Parveen Chadda (Senior Statutory Auditor)**  
**for and on behalf of Kingston Smith LLP**

27 May 2014

**Chartered Accountants**  
**Statutory Auditor**

Surrey House  
36-44 High Street  
Redhill  
Surrey  
RH1 1RH

# Marksans Pharma UK

## Consolidated Profit and Loss Account For the year ended 31 March 2014

|  | Notes    | 2014<br>£    | 2013<br>£    |
|--|----------|--------------|--------------|
| <b>Turnover</b>                                      | <b>2</b> | 27,374,888   | 22,108,153   |
| <b>Cost of sales</b>                                 |          | (22,796,199) | (18,757,075) |
| <b>Gross profit</b>                                  |          | 4,578,689    | 3,351,078    |
| Distribution costs                                   |          | (457,863)    | (494,712)    |
| Administrative expenses                              |          | (1,989,262)  | (2,011,659)  |
| Other operating income                               |          | 8,364        | 8,364        |
| <b>Operating profit</b>                              | <b>3</b> | 2,139,928    | 853,071      |
| Other interest receivable and similar income         |          | 573          | 366          |
| Interest payable and similar charges                 | <b>4</b> | (369,505)    | (460,866)    |
| <b>Profit on ordinary activities before taxation</b> |          | 1,770,996    | 392,571      |
| Tax on profit on ordinary activities                 | <b>5</b> | (336,391)    | (173,039)    |
| <b>Profit on ordinary activities after taxation</b>  |          | 1,434,605    | 219,532      |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# Marksans Pharma UK

## Balance Sheets

As at 31 March 2014

|  | Notes | Group<br>2014<br>£  | 2013<br>£           | Company<br>2014<br>£ | 2013<br>£           |
|--|-------|---------------------|---------------------|----------------------|---------------------|
| <b>Fixed assets</b>  |       |                     |                     |                      |                     |
| Intangible assets  | 7     | 7,373,016           | 7,762,064           | -                    | -                   |
| Tangible assets  | 8     | 2,894,568           | 2,986,358           | -                    | -                   |
| Investments  | 9     | -                   | -                   | 20,326,514           | 20,326,514          |
|  |       | <u>10,267,584</u>   | <u>10,748,422</u>   | <u>20,326,514</u>    | <u>20,326,514</u>   |
| <b>Current assets</b>  |       |                     |                     |                      |                     |
| Stocks   | 10    | 4,171,918           | 2,620,504           | -                    | -                   |
| Debtors  | 11    | 5,268,979           | 3,957,212           | 34,957               | 34,957              |
| Cash at bank and in hand                                       |       | 833,153             | 1,154,992           | -                    | -                   |
|  |       | <u>10,274,050</u>   | <u>7,732,708</u>    | <u>34,957</u>        | <u>34,957</u>       |
| <b>Creditors: amounts falling due within one year</b>          | 12    | <u>(12,557,342)</u> | <u>(12,922,905)</u> | <u>(9,052,936)</u>   | <u>(12,904,563)</u> |
| <b>Net current liabilities</b>                                 |       | <u>(2,283,292)</u>  | <u>(5,190,197)</u>  | <u>(9,017,979)</u>   | <u>(12,869,606)</u> |
| <b>Total assets less current liabilities</b>                   |       | <u>7,984,292</u>    | <u>5,558,225</u>    | <u>11,308,535</u>    | <u>7,456,908</u>    |
| <b>Creditors: amounts falling due after more than one year</b> | 13    | <u>(1,719,556)</u>  | <u>(9,211,295)</u>  | <u>(1,719,556)</u>   | <u>(9,211,295)</u>  |
| <b>Provisions for liabilities</b>                              | 14    | <u>(47,700)</u>     | <u>(47,700)</u>     | <u>-</u>             | <u>-</u>            |
| <b>Accruals and deferred income</b>                            | 15    | <u>(6,787)</u>      | <u>(15,151)</u>     | <u>-</u>             | <u>-</u>            |
|  |       | <u>6,210,249</u>    | <u>(3,715,921)</u>  | <u>9,588,979</u>     | <u>(1,754,387)</u>  |
| <b>Capital and reserves</b>                                    |       |                     |                     |                      |                     |
| Called up share capital  | 17    | 8,492,565           | 1,000               | 8,492,565            | 1,000               |
| Profit and loss account  | 18    | <u>(2,282,316)</u>  | <u>(3,716,921)</u>  | <u>1,096,414</u>     | <u>(1,755,387)</u>  |
| <b>Shareholders' funds</b>                                     | 19    | <u>6,210,249</u>    | <u>(3,715,921)</u>  | <u>9,588,979</u>     | <u>(1,754,387)</u>  |

Approved by the Board and authorised for issue on 22.05.2014

M Saldanha  
Director

Company Registration No. 05467597

# Marksans Pharma UK

## Consolidated Cash Flow Statement For the year ended 31 March 2014

|  | £           | 2014<br>£ | £         | 2013<br>£ |
|--|-------------|-----------|-----------|-----------|
| <b>Net cash inflow from operating activities</b>                                     |             | 1,055,403 |           | 1,728,748 |
| <b>Returns on investments and servicing of finance</b>                               |             |           |           |           |
| Interest received  | 573         |           | 366       |           |
| Interest paid  | (825,641)   |           | (245,251) |           |
| <b>Net cash outflow for returns on investments and servicing of finance</b>          |             | (825,068) |           | (244,885) |
| <b>Taxation</b>  |             | (173,039) |           | (59,354)  |
| <b>Capital expenditure</b>   |             |           |           |           |
| Payments to acquire intangible assets  | (141,208)   |           | (16,162)  |           |
| Payments to acquire tangible assets  | (101,380)   |           | (129,571) |           |
| Receipts from sales of tangible assets   | 10,249      |           | -         |           |
| <b>Net cash outflow for capital expenditure</b>                                      |             | (232,339) |           | (145,733) |
| <b>Net cash (outflow)/inflow before management of liquid resources and financing</b> |             | (175,043) |           | 1,278,776 |
| <b>Financing</b>   |             |           |           |           |
| Issue of ordinary share capital  | 8,491,565   |           | -         |           |
| Other new short term loans   | -           |           | 200,000   |           |
| Repayment of long term bank loan   | (1,239,596) |           | -         |           |
| Repayment of other long term loans   | (7,491,739) |           | -         |           |
| Repayment of other short term loans  | -           |           | (845,001) |           |
| <b>Net cash outflow from financing</b>   |             | (239,770) |           | (645,001) |
| <b>(Decrease)/increase in cash in the year</b>                                       |             | (414,813) |           | 633,775   |

# Marksans Pharma UK

## Notes to the Consolidated Cash Flow Statement For the year ended 31 March 2014

| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2014             | 2013             |
|---|---|------------------|------------------|
|   |   | £                | £                |
|   | Operating profit  | 2,139,928        | 853,071          |
|   | Depreciation of tangible assets   | 184,677          | 197,472          |
|   | Amortisation of intangible assets   | 530,256          | 521,920          |
|   | Revaluation loss on tangible fixed assets                                       | -                | 77,689           |
|   | Profit on disposal of tangible assets   | (1,756)          | -                |
|   | (Increase)/decrease in stocks   | (1,551,414)      | 614,033          |
|   | Increase in debtors   | (1,311,767)      | (309,371)        |
|   | Decrease/(increase) in creditors within one year                                | 1,073,843        | (217,702)        |
|   | Movement on grant provision   | (8,364)          | (8,364)          |
|   | <b>Net cash inflow from operating activities</b>                                | <b>1,055,403</b> | <b>1,728,748</b> |

| 2 | Analysis of net debt              | 1 April 2013        | Cash flow        | Other non-cash changes | 31 March 2014      |
|---|-----------------------------------|---------------------|------------------|------------------------|--------------------|
|   |                                   |                     | £                | £                      | £                  |
|   | Net cash:                         |                     |                  |                        |                    |
|   | Cash at bank and in hand          | 1,154,992           | (321,839)        | -                      | 833,153            |
|   | Bank overdrafts                   | (4,677,926)         | (92,974)         | -                      | (4,770,900)        |
|   |                                   | (3,522,934)         | (414,813)        | -                      | (3,937,747)        |
|   | Debts falling due within one year | (3,749,960)         | 1,844,658        | (605,062)              | (2,510,364)        |
|   | Debts falling due after one year  | (9,211,295)         | -                | 7,491,739              | (1,719,556)        |
|   |                                   | (12,961,255)        | 1,844,658        | (6,886,677)            | (4,229,920)        |
|   | <b>Net debt</b>                   | <b>(16,484,189)</b> | <b>1,429,845</b> | <b>(6,886,677)</b>     | <b>(8,167,667)</b> |

| 3 | Reconciliation of net cash flow to movement in net debt | 2014               | 2013                |
|---|---|--------------------|---------------------|
|   |   | £                  | £                   |
|   | (Decrease)/increase in cash in the year                 | (414,813)          | 633,775             |
|   | Cash outflow from decrease in debt                      | 1,844,658          | 645,001             |
|   | Change in net debt resulting from cash flows            | 1,429,845          | 1,278,776           |
|   | Other non-cash changes                                  | 6,886,677          | (12,500)            |
|   | <b>Movement in net debt in the year</b>                 | <b>8,316,522</b>   | <b>1,266,276</b>    |
|   | Opening net debt  | (16,484,189)       | (17,750,465)        |
|   | <b>Closing net debt</b>                                 | <b>(8,167,667)</b> | <b>(16,484,189)</b> |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

---

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

As at 31 March 2014 the group recorded net current liabilities and the subsidiaries Bell Sons & Co (Druggists) Limited and Relonchem are dependent on the continued support of its ultimate parent company, Marksans Pharma Limited. Therefore the directors have considered the going concern position of the company and the group and their ability to meet liabilities as they fall due over the next twelve months. At the Balance Sheet date the group had net current liabilities of £2,283,292 and loans due in more than one year to group undertakings of £1,719,556. The group is funded by and has received financial support from its ultimate parent company and at the year end a total of £4,204,694 is owed to Marksans Pharma Limited. Marksans Pharma Limited also provides corporate guarantees over the overdraft facilities and the bank loans for the UK group.

Marksans Pharma Limited has confirmed its intention to continue to provide the necessary financial support to Marksans Pharma U.K. Limited and its subsidiaries to enable it to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements and to enable the company and the group to meet its liabilities as they fall due. Marksans Pharma Limited has also indicated that it will not call on the inter company debt unless resources permit.

On the basis of their assessment of the company's financial position, the support confirmed by Marksans Pharma Limited and the responses to the enquires made of the ultimate parent company directors, the directors have reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and for this reason continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2014. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### **1.4 Turnover**

Turnover represents amounts receivable for goods and services supplied in the year net of VAT and trade discounts based on the date the goods are ready for despatch.

#### **1.5 Goodwill**

Goodwill is provided as 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 of 20 years.

#### **1.6 Research and development**

Intangible fixed assets are capitalised at cost and amortised over their expected useful lives being a period of 10 years for Bell Sons & Co. (Druggists) Limited product licenses (OTC) and 20 years for Relonchem Limited product licenses (prescription).

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 1 Accounting policies

(Continued)

#### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                |                      |
|--------------------------------|----------------------|
| Freehold property              | 2% straight line     |
| Plant and machinery            | 20% reducing balance |
| Computer equipment             | 20% straight line    |
| Fixtures, fittings & equipment | 25% reducing balance |
| Motor vehicles                 | 25% straight line    |

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

#### 1.8 Leasing

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

#### 1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.10 Stock and work in progress

Stock and work in progress 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 appropriate proportion of labour costs.

#### 1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

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.

The deferred tax balance has not been discounted.

#### 1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 1 Accounting policies

(Continued)

#### 1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

### 2 Turnover

Turnover is attributable to two distinct classes of business, being the distribution of prescription pharmaceuticals in Relonchem Limited, and the manufacture and sale of OTC pharmaceuticals in Bell Sons & Co. (Druggists) Limited.

In the opinion of the directors it would be prejudicial to the interests of the group's trade to disclose the analysis by turnover of geographical location.

### 3 Operating profit

|   | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| Operating profit is stated after charging:  |           |           |
| Amortisation of intangible assets   | 530,256   | 521,920   |
| Depreciation of tangible assets   | 184,677   | 197,472   |
| Loss on foreign exchange transactions   | 135,768   | -         |
| Operating lease rentals   |           |           |
| - Plant and machinery   | 38,296    | 38,439    |
| - Other assets  | 63,757    | 70,470    |
| Fees payable to the group's auditor for the audit of the group's annual accounts (company £6,975; 2013: £5,550) | 40,435    | 24,500    |
| and after crediting:  |           |           |
| Government grants   | (8,364)   | (8,364)   |
| Profit on disposal of tangible assets   | (1,756)   | -         |
| Profit on foreign exchange transactions   | (7,780)   | (8,056)   |

### 4 Interest payable

|                              | 2014<br>£      | 2013<br>£      |
|------------------------------|----------------|----------------|
| On bank loans and overdrafts | 369,505        | 447,890        |
| Other finance costs          | -              | 12,932         |
| Other interest               | -              | 44             |
|                              | <u>369,505</u> | <u>460,866</u> |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

| <b>5 Taxation</b>  | <b>2014</b>     | <b>2013</b>    |
|--|-----------------|----------------|
|  | <b>£</b>        | <b>£</b>       |
| <b>Domestic current year tax</b>   |                 |                |
| U.K. corporation tax   | 336,391         | 183,185        |
| Adjustment for prior years   | -               | (846)          |
| <b>Total current tax</b>   | <b>336,391</b>  | <b>182,339</b> |
| <b>Deferred tax</b>  |                 |                |
| Origination and reversal of timing differences   | -               | (9,300)        |
|  | <b>336,391</b>  | <b>173,039</b> |
| <b>Factors affecting the tax charge for the year</b>   |                 |                |
| Profit on ordinary activities before taxation  | 1,770,996       | 392,571        |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23% (2013: 24%) | 407,329         | 94,217         |
| Effects of:  |                 |                |
| Non deductible expenses  | 3,276           | 19,751         |
| Depreciation add back  | 86,041          | 93,247         |
| Capital allowances   | (36,594)        | (30,818)       |
| Tax losses utilised  | (188,686)       | (59,801)       |
| Other timing differences leading to a decrease in taxation   | -               | (2,017)        |
| Adjustments to previous periods  | -               | (846)          |
| Amortisation of goodwill   | 65,748          | 68,606         |
| Other tax adjustments  | (723)           | -              |
|  | <b>(70,938)</b> | <b>88,122</b>  |
| <b>Current tax charge for the year</b>   | <b>336,391</b>  | <b>182,339</b> |

## 6 Profit/(loss) for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

|  | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Holding company's profit/(loss) for the financial year | 2,851,801   | (233,518)   |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 7 Intangible fixed assets Group

|                       | OTC product<br>licenses | Goodwill  | Prescription<br>product<br>licenses | Total      |
|-----------------------|-------------------------|-----------|-------------------------------------|------------|
|                       | £                       | £         | £                                   | £          |
| <b>Cost</b>           |                         |           |                                     |            |
| At 1 April 2013       | 46,792                  | 5,717,140 | 4,650,170                           | 10,414,102 |
| Additions             | 12,158                  | -         | 129,050                             | 141,208    |
| At 31 March 2014      | 58,950                  | 5,717,140 | 4,779,220                           | 10,555,310 |
| <b>Amortisation</b>   |                         |           |                                     |            |
| At 1 April 2013       | 9,388                   | 1,462,682 | 1,179,968                           | 2,652,038  |
| Charge for the year   | 5,438                   | 285,857   | 238,961                             | 530,256    |
| At 31 March 2014      | 14,826                  | 1,748,539 | 1,418,929                           | 3,182,294  |
| <b>Net book value</b> |                         |           |                                     |            |
| At 31 March 2014      | 44,124                  | 3,968,601 | 3,360,291                           | 7,373,016  |
| At 31 March 2013      | 37,404                  | 4,254,458 | 3,470,202                           | 7,762,064  |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 8 Tangible fixed assets

| Group                 | Land and<br>buildings<br>Freehold | Plant and<br>machinery | Motor<br>vehicles | Total     |
|-----------------------|-----------------------------------|------------------------|-------------------|-----------|
|                       | £                                 | £                      | £                 | £         |
| <b>Cost</b>           |                                   |                        |                   |           |
| At 1 April 2013       | 2,300,000                         | 3,610,772              | 9,000             | 5,919,772 |
| Additions             | -                                 | 101,380                | -                 | 101,380   |
| Disposals             | -                                 | (27,284)               | -                 | (27,284)  |
| At 31 March 2014      | 2,300,000                         | 3,684,868              | 9,000             | 5,993,868 |
| <b>Depreciation</b>   |                                   |                        |                   |           |
| At 1 April 2013       | -                                 | 2,924,414              | 9,000             | 2,933,414 |
| On disposals          | -                                 | (18,791)               | -                 | (18,791)  |
| Charge for the year   | 38,304                            | 146,373                | -                 | 184,677   |
| At 31 March 2014      | 38,304                            | 3,051,996              | 9,000             | 3,099,300 |
| <b>Net book value</b> |                                   |                        |                   |           |
| At 31 March 2014      | 2,261,696                         | 632,872                | -                 | 2,894,568 |
| At 31 March 2013      | 2,300,000                         | 686,358                | -                 | 2,986,358 |

Freehold land with a valuation of £550,000 (2013 - £550,000) and a cost of £268,500 (2013 - £268,500) has not been depreciated.

The property was externally valued on 31 March 2013 at £2,300,000 by Eddisons Chartered Surveyors on an open market basis. The directors are not aware of any material change in value subsequently.

#### Comparable historical cost for the land and buildings included at valuation:

|                                    | £         |
|------------------------------------|-----------|
| <b>Cost</b>                        |           |
| At 1 April 2013 & at 31 March 2014 | 1,796,527 |
| <b>Depreciation based on cost</b>  |           |
| At 1 April 2013                    | 611,636   |
| Charge for the year                | 35,931    |
| At 31 March 2014                   | 647,567   |
| <b>Net book value</b>              |           |
| At 31 March 2014                   | 1,148,960 |
| At 31 March 2013                   | 1,184,891 |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 9 Fixed asset investments Company

|                                    | Shares in<br>group<br>undertakings<br>£ |
|------------------------------------|---|
| <b>Cost</b>                        |   |
| At 1 April 2013 & at 31 March 2014 | 20,326,514                              |
| <b>Net book value</b>              |   |
| At 31 March 2014                   | 20,326,514                              |
| At 31 March 2013                   | 20,326,514                              |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company                             | Country of registration or<br>incorporation | Shares held |        |
|-------------------------------------|---|-------------|--------|
|                                     |   | Class       | %      |
| <b>Subsidiary undertakings</b>      |   |             |        |
| Marksans Holdings Limited           | England and Wales                           | Ordinary    | 100.00 |
| Bell Sons & Co. (Druggists) Limited | England and Wales                           | Ordinary    | 100.00 |
| Relonchem Limited                   | England and Wales                           | Ordinary    | 100.00 |

The principal activity of these undertakings for the last relevant financial year was as follows:

|                                     | Principal activity |
|-------------------------------------|--------------------|
| Marksans Holdings Limited           | Holding company    |
| Bell Sons & Co. (Druggists) Limited | Pharmaceuticals    |
| Relonchem Limited                   | Pharmaceuticals    |

### 10 Stocks and work in progress

|                                     | Group            |                  | Company  |          |
|-------------------------------------|------------------|------------------|----------|----------|
|                                     | 2014             | 2013             | 2014     | 2013     |
|                                     | £                | £                | £        | £        |
| Raw materials and consumables       | 828,295          | 913,327          | -        | -        |
| Work in progress                    | 35,001           | 52,295           | -        | -        |
| Finished goods and goods for resale | 3,308,622        | 1,654,882        | -        | -        |
|                                     | <u>4,171,918</u> | <u>2,620,504</u> | <u>-</u> | <u>-</u> |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 11 Debtors

|                                    | Group            |                  | Company       |               |
|------------------------------------|------------------|------------------|---------------|---------------|
|                                    | 2014             | 2013             | 2014          | 2013          |
|                                    | £                | £                | £             | £             |
| Trade debtors                      | 5,128,812        | 3,841,958        | -             | -             |
| Amounts owed by group undertakings | 46,990           | 34,957           | 34,957        | 34,957        |
| Other debtors                      | -                | 445              | -             | -             |
| Prepayments and accrued income     | 93,177           | 79,852           | -             | -             |
|                                    | <u>5,268,979</u> | <u>3,957,212</u> | <u>34,957</u> | <u>34,957</u> |

### 12 Creditors : amounts falling due within one year

|                                    | Group             |                   | Company          |                   |
|------------------------------------|-------------------|-------------------|------------------|-------------------|
|                                    | 2014              | 2013              | 2014             | 2013              |
|                                    | £                 | £                 | £                | £                 |
| Bank loans and overdrafts          | 7,081,264         | 8,227,886         | 2,310,364        | 3,549,960         |
| Trade creditors                    | 1,895,363         | 2,310,466         | -                | -                 |
| Amounts owed to group undertakings | 2,485,138         | 962,687           | 6,649,199        | 8,804,368         |
| Corporation tax                    | 337,375           | 183,185           | -                | -                 |
| Taxes and social security costs    | 302,873           | 254,263           | -                | -                 |
| Other creditors                    | 16,568            | 14,978            | 5,525            | 5,565             |
| Accruals and deferred income       | 438,761           | 969,440           | 87,848           | 544,670           |
|                                    | <u>12,557,342</u> | <u>12,922,905</u> | <u>9,052,936</u> | <u>12,904,563</u> |

Bank overdrafts totalling £4,770,900 (2013 - £4,677,926) are secured on an all asset debenture charge creating a first charge over all freehold property and other assets within the group together with a corporate guarantee from the parent company, Marksans Pharma Limited, for the whole proposed credit facility.

Bank loans are secured by a corporate guarantee provided by the parent company, Marksans Pharma Limited and a pledge of shares in Marksans Holdings Limited and Relonchem Limited. Amounts are repayable in half yearly instalments with the final payment due in August 2015. Interest is charged at rates of between 3% and 4% above LIBOR.

### 13 Creditors : amounts falling due after more than one year

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 2014             | 2013             | 2014             | 2013             |
|                                    | £                | £                | £                | £                |
| Amounts owed to group undertakings | <u>1,719,556</u> | <u>9,211,295</u> | <u>1,719,556</u> | <u>9,211,295</u> |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 14 Provisions for liabilities Group

Deferred  
taxation  
£

Balance at 1 April 2013 & at 31 March 2014 47,700

The deferred tax liability is made up as follows:

|                                | Group<br>2014<br>£ | 2013<br>£     | Company<br>2014<br>£ | 2013<br>£ |
|--------------------------------|--------------------|---------------|----------------------|-----------|
| Accelerated capital allowances | <u>47,700</u>      | <u>47,700</u> | <u>-</u>             | <u>-</u>  |

The company has no provisions.

### 15 Grants

Group

Government  
grants  
£

|                          |              |
|--------------------------|--------------|
| Balance at 1 April 2013  | 15,151       |
| Amortisation in the year | (8,364)      |
| Balance at 31 March 2014 | <u>6,787</u> |

Government grants comprise amounts received under Regional Development and Enterprise Scheme.

### 16 Pension and other post-retirement benefit commitments

#### Defined contribution

The group maintains a money purchase scheme covering some of its employees which limits benefits to those which can be provided by the available assets. There is no liability on the group in excess of contributions paid. Details of contributions paid are below.

|   | 2014<br>£     | 2013<br>£     |
|---|---------------|---------------|
| Contributions payable by the group for the year | <u>83,015</u> | <u>77,598</u> |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

| <b>17 Share capital</b>                            | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| <b>Allotted, called up and fully paid</b>          |             |             |
| 8,492,565 (2013: 1,000) Ordinary shares of £1 each | 8,492,565   | 1,000       |

During the year 8,491,565 ordinary £1 shares were issued to Marksans Pharma Limited in satisfaction of £8,491,565 of loans owed by the company to its ultimate parent undertaking.

## **18 Statement of movements on profit and loss account**

### **Group**

### **Profit and loss account**

**£**

|                          |             |
|--------------------------|-------------|
| Balance at 1 April 2013  | (3,716,921) |
| Profit for the year      | 1,434,605   |
| Balance at 31 March 2014 | (2,282,316) |

### **Company**

### **Profit and loss account**

**£**

|                          |             |
|--------------------------|-------------|
| Balance at 1 April 2013  | (1,755,387) |
| Profit for the year      | 2,851,801   |
| Balance at 31 March 2014 | 1,096,414   |

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

| <b>19 Reconciliation of movements in shareholders' funds</b> | <b>2014</b>      | <b>2013</b>        |
|--|------------------|--------------------|
| <b>Group</b>   | <b>£</b>         | <b>£</b>           |
| Profit for the financial year                                | 1,434,605        | 219,532            |
| Proceeds from issue of shares                                | 8,491,565        | -                  |
| Opening shareholders' funds                                  | (3,715,921)      | (3,935,453)        |
| Closing shareholders' funds                                  | <u>6,210,249</u> | <u>(3,715,921)</u> |

| <b>Company</b>                       | <b>2014</b>      | <b>2013</b>        |
|--------------------------------------|------------------|--------------------|
|                                      | <b>£</b>         | <b>£</b>           |
| Profit/(Loss) for the financial year | 2,851,801        | (233,518)          |
| Proceeds from issue of shares        | 8,491,565        | -                  |
| Opening shareholders' funds          | (1,754,387)      | (1,520,869)        |
| Closing shareholders' funds          | <u>9,588,979</u> | <u>(1,754,387)</u> |

## 20 Financial commitments

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

|                            | <b>Land and buildings</b> |               | <b>Other</b>  |               |
|----------------------------|---------------------------|---------------|---------------|---------------|
|                            | <b>2014</b>               | <b>2013</b>   | <b>2014</b>   | <b>2013</b>   |
|                            | <b>£</b>                  | <b>£</b>      | <b>£</b>      | <b>£</b>      |
| Expiry date:               |                           |               |               |               |
| Within one year            | -                         | -             | 4,730         | 23,684        |
| Between two and five years | 38,023                    | 37,134        | 41,915        | 17,832        |
|                            | <u>38,023</u>             | <u>37,134</u> | <u>46,645</u> | <u>41,516</u> |

## 21 Directors' remuneration

During the year, no director (2013: none) received any emoluments from Marksans Pharma U.K. Limited or any of its subsidiaries.

During the year retirement benefits were accruing to no directors (2013: none) in respect of defined contribution pension schemes.

# Marksans Pharma UK

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2014

### 22 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                          | 2014<br>Number | 2013<br>Number |
|--------------------------|----------------|----------------|
| Production               | 159            | 143            |
| Sales and administration | 21             | 18             |
|                          | <u>180</u>     | <u>161</u>     |

#### Employment costs

|                       | 2014<br>£        | 2013<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,621,054        | 3,647,702        |
| Social security costs | 314,152          | 294,910          |
| Other pension costs   | 83,015           | 77,598           |
|                       | <u>4,018,221</u> | <u>4,020,210</u> |

### 23 Control

The immediate parent undertaking is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from The Registrar of Companies, Everest 100, Marine Drive, Mumbai - 400 002, Maharashtra. In the opinion of the directors, Marksans Pharma Limited is the company's ultimate parent company and ultimate controlling party.

### 24 Related party relationships and transactions

#### Group

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group, as all companies are consolidated in the group accounts of Marksans Pharma Limited.

# Marksans Holdings Limited

**Director's Report and Financial Statements**  
**For the year ended 31 March 2014**

# Marksans Holdings Limited

## Company Information

---

|                          |   |
|--------------------------|---|
| <b>Director</b>          | M Saldanha  |
| <b>Secretary</b>         | Mr D Barlow   |
| <b>Company number</b>    | 05591744  |
| <b>Registered office</b> | Cheshire House<br>Gorsey Lane<br>Widnes<br>WA8 0RP                                      |
| <b>Auditors</b>          | Kingston Smith LLP<br>Surrey House<br>36-44 High Street<br>Redhill<br>Surrey<br>RH1 1RH |

---

# Marksans Holdings Limited

## Contents

---

|                                   | Page  |
|-----------------------------------|-------|
| Director's report                 | 1 - 2 |
| Independent auditors' report      | 3 - 4 |
| Profit and loss account           | 5     |
| Balance sheet                     | 6     |
| Notes to the financial statements | 7 - 9 |

---

# Marksans Holdings Limited

## Director's Report

For the year ended 31 March 2014

---

The director presents his report and financial statements for the year ended 31 March 2014.

The principal activity of the company continued to be that of a holding company. The company holds the entire share capital of Bell Sons and Co. (Druggists) Limited, a company that manufactures pharmaceutical products.

The company has not traded during the year.

### Director

The following director has held office since 1 April 2013:

M Saldanha

### Auditors

Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of director's responsibilities

The director is responsible for preparing the Director's 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). Under company law the director must not approve the financial statements unless he is satisfied that they 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 enable him to ensure that the financial statements comply with the Companies Act 2006. 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.

# Marksans Holdings Limited

## Director's Report (Continued)

For the year ended 31 March 2014

---

### Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

  
.....  
M Saldanha  
Director  
.....

22.05.2014

# Marksans Holdings Limited

## Independent Auditors' Report to the Members of Marksans Holdings Limited

---

We have audited the financial statements of Marksans Holdings Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 director and auditors**

As explained more fully in the Director's Responsibilities Statement, the director is 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 March 2014 and of its 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Marksans Holdings Limited

## Independent Auditors' Report to the Members of Marksans Holdings Limited (Continued)

---

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's Report and from preparing a Strategic Report.

*P. Chadda*

**Parveen Chadda (Senior Statutory Auditor)**  
**for and on behalf of Kingston Smith LLP**

27 May 2014

**Chartered Accountants**  
**Statutory Auditor**

Surrey House  
36-44 High Street  
Redhill  
Surrey  
RH1 1RH

# Marksans Holdings Limited

## Profit and Loss Account

For the year ended 31 March 2014

---

|  | Notes | 2014<br>£ | 2013<br>£ |
|--|-------|-----------|-----------|
| Investment Income  | 3     | 3,000,000 | -         |
| <b>Profit on ordinary activities before<br/>taxation</b> |       | 3,000,000 | -         |
| Tax on profit on ordinary activities                     | 4     | -         | -         |
| <b>Profit for the year</b>                               | 8     | 3,000,000 | -         |

---

# Marksans Holdings Limited

## Balance Sheet

As at 31 March 2014

|  | Notes | 2014<br>£ | £ | 2013<br>£ | £ |
|--|-------|-----------|---|-----------|---|
| <b>Fixed assets</b>                          |       |           |   |           |   |
| Investments                                  | 6     | 1,490,874 |   | 1,490,874 |   |
| <b>Net current assets</b>                    |       |           | - |           | - |
| <b>Total assets less current liabilities</b> |       | 1,490,874 |   | 1,490,874 |   |
| <b>Capital and reserves</b>                  |       |           |   |           |   |
| Called up share capital                      | 7     | 1,000     |   | 1,000     |   |
| Share premium account                        | 8     | 1,489,874 |   | 1,489,874 |   |
| <b>Shareholders' funds</b>                   | 9     | 1,490,874 |   | 1,490,874 |   |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board and authorised for issue on 22.05.2014

M Saldanha  
Director

Company Registration No. 05591744

# Marksans Holdings Limited

## Notes to the Financial Statements

For the year ended 31 March 2014

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Investments

Fixed asset investments are stated at cost less provision for impairment.

#### 1.4 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Marksans Pharma U.K. Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

### 2 Operating profit

The auditors' remuneration for the year was borne by a fellow group undertaking.

### 3 Investment income

|  | 2014<br>£ | 2013<br>£ |
|--|-----------|-----------|
| Income from shares in group undertakings | 3,000,000 | -         |

### 4 Taxation

|   | 2014      | 2013 |
|---|-----------|------|
| Total current tax   | -         | -    |
| Factors affecting the tax charge for the year   |           |      |
| Profit on ordinary activities before taxation   | 3,000,000 | -    |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2013 - 24.00%) | 690,000   | -    |
| Effects of:   |           |      |
| Income from shares in group undertakings  | (690,000) | -    |
| Current tax charge for the year   | -         | -    |

# Marksans Holdings Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

| 5 | Dividends               | 2014<br>£ | 2013<br>£ |
|---|-------------------------|-----------|-----------|
|   | Ordinary final proposed | 3,000,000 | -         |

## 6 Fixed asset investments

|                                    | Investments<br>in subsidiary<br>companies<br>£ |
|------------------------------------|--|
| <b>Cost</b>                        |  |
| At 1 April 2013 & at 31 March 2014 | 1,490,874                                      |
| <b>Net book value</b>              |  |
| At 31 March 2014                   | 1,490,874                                      |
| At 31 March 2013                   | 1,490,874                                      |

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company                               | Country of registration or<br>incorporation | Class    | Shares held<br>% |
|---------------------------------------|---|----------|------------------|
| <b>Subsidiary undertakings</b>        |   |          |                  |
| Bell Sons and Co. (Druggists) Limited | England and Wales                           | Ordinary | 100.00           |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

|                                       | Principal activity | Capital and<br>reserves<br>2014<br>£ | Profit/(loss)<br>for the year<br>2014<br>£ |
|---------------------------------------|--------------------|--------------------------------------|--|
| Bell Sons and Co. (Druggists) Limited | Pharmaceuticals    | 6,264,794                            | 744,321                                    |

| 7 | Share capital                      | 2014<br>£ | 2013<br>£ |
|---|------------------------------------|-----------|-----------|
|   | Allotted, called up and fully paid |           |           |
|   | 1,000 Ordinary shares of £1 each   | 1,000     | 1,000     |

# Marksans Holdings Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 8 Statement of movements on reserves

|                          | Share<br>premium<br>account<br>£ | Profit and loss<br>account<br>£ |
|--------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2013  | 1,489,874                        | -                               |
| Profit for the year      | -                                | 3,000,000                       |
| Dividends paid           | -                                | (3,000,000)                     |
| Balance at 31 March 2014 | 1,489,874                        | -                               |

### 9 Reconciliation of movements in shareholders' funds

|                                     | 2014<br>£   | 2013<br>£ |
|-------------------------------------|-------------|-----------|
| Profit for the financial year       | 3,000,000   | -         |
| Dividends                           | (3,000,000) | -         |
| Net movement in shareholders' funds | -           | -         |
| Opening shareholders' funds         | 1,490,874   | 1,490,874 |
| Closing shareholders' funds         | 1,490,874   | 1,490,874 |

### 10 Control

The immediate parent undertaking is Marksans Pharma U.K. Limited. The company is controlled by Marksans Pharma Limited, a company incorporated in India.

The parent undertaking of the smallest group for which consolidated accounts are prepared is Marksans Pharma U.K. Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

The parent undertaking of the largest group for which consolidated accounts are prepared is Marksans Pharma Limited. Consolidated accounts are available from The Registrar of Companies, Everest 100, Marine Drive, Mumbai - 400 002, Maharashtra.

In the opinion of the director Marksans Pharma Limited is the company's ultimate parent company and ultimate controlling party.

### 11 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group, as all companies are consolidated in the group accounts of Marksans Pharma Limited.

# **Marksans Holdings Limited**

**Management Information**

**For the year ended 31 March 2014**

# Marksans Holdings Limited

## Detailed Trading and Profit and Loss Account

For the year ended 31 March 2014

---

|                                | 2014      | 2013 |
|--------------------------------|-----------|------|
|                                | £         | £    |
| <b>Income from Investments</b> |           |      |
| Inter-group dividends          | 3,000,000 | -    |
| <b>Profit before taxation</b>  | 3,000,000 | -    |

---

# **Bell Sons & Co (Druggists) Limited**

**Directors' Report and Financial Statements**  
**For the year ended 31 March 2014**

# Bell Sons & Co (Druggists) Limited

## Company Information

---

**Directors**

M Saldanha  
Mr D Barlow  
Mr B Gulliver

**Secretary**

Mr D Barlow

**Company number**

00351951

**Registered office**

Gifford House  
Slaidburn Crescent  
Merseyside  
PR9 9AL

**Auditors**

Kingston Smith LLP  
Surrey House  
36-44 High Street  
Redhill  
Surrey  
RH1 1RH

---

# Bell Sons & Co (Druggists) Limited

## Contents

---

|  | Page   |
|--|--------|
| Strategic report                               | 1      |
| Directors' report                              | 2      |
| Independent auditors' report                   | 3 - 4  |
| Profit and loss account                        | 5      |
| Statement of total recognised gains and losses | 6      |
| Balance sheet                                  | 7      |
| Notes to the financial statements              | 8 - 17 |

---

# Bell Sons & Co (Druggists) Limited

## Strategic Report

For the year ended 31 March 2014

---

The directors present the strategic report and financial statements for the year ended 31 March 2014.

### Review of the business

The directors consider the results for the period to be satisfactory. During the period like for like sales increased from £15,541,954 to £16,911,972 and the profit on ordinary activities before taxation was £931,361 (2013: £931,543). The directors expect turnover and the profit on ordinary activities to increase in the forthcoming year.

Bell's manufactures licensed products - both as own branded products and, for certain customers, in own label form together with a range of unlicensed products. The company owns a state-of-the-art manufacturing facility in Southport and is an established manufacturer of over 200 OTC pharmaceuticals having full approval of the UK MHRA.

Bell's holds 38 product licenses, which contribute towards 45% of its annual turnover. The product portfolio comprises segments like cough and cold remedies, vitamins, palliative and healthcare items, oils, antiseptics and disinfectants.

Bell's customers include retailers, pharmacies, chemist wholesalers and cash and carry outlets. The company enjoys a significant stronghold in the export markets. With more than 80 years of experience and a reach across 50+ countries, the brand is recognized and respected globally. Its key markets are West Africa and Middle East.

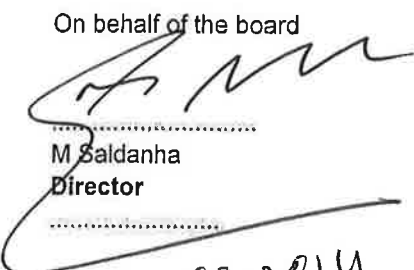
Principal risks and uncertainties arise from a competitive market.

Increasing raw material costs continue to threaten margins. The company manages this risk by establishing strong relationships with suppliers, to enable negotiation and controlled management of potential future price increases and secure reliable supply. In addition production methods are constantly being reviewed to ensure the most efficient operations are in place.

The company will continue to develop its product range to meet market needs.

The profit for the year, after taxation, amounted to £744,321 (2013: £758,504).

On behalf of the board



M Saldanha  
Director

22.05.2014

# Bell Sons & Co (Druggists) Limited

## Directors' Report

For the year ended 31 March 2014

The directors present their report and financial statements for the year ended 31 March 2014.

The principal activity of the company continued to be that of the manufacture and sale of pharmaceuticals.

### Results and dividends

The results for the year are set out on page 5.

### Directors

The following directors have held office since 1 April 2013:

M Saldanha  
Mr D Barlow  
Mr B Gulliver

### Auditors

Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

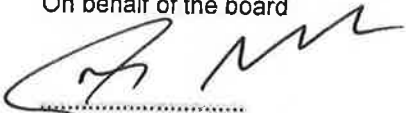
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

  
M Saldanha  
Director

22.05.2014

# Bell Sons & Co (Druggists) Limited

## Independent Auditors' Report to the Members of Bell Sons & Co (Druggists) Limited

---

We have audited the financial statements of Bell Sons & Co (Druggists) Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 March 2014 and of its 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Bell Sons & Co (Druggists) Limited

## Independent Auditors' Report to the Members of Bell Sons & Co (Druggists) Limited (Continued)

---

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

*P. Chadda*

**Parveen Chadda (Senior Statutory Auditor)**  
**for and on behalf of Kingston Smith LLP**

27 May 2014

**Chartered Accountants**  
**Statutory Auditor**

Surrey House  
36-44 High Street  
Redhill  
Surrey  
RH1 1RH

# Bell Sons & Co (Druggists) Limited

## Profit and Loss Account

For the year ended 31 March 2014

|  | Notes     | 2014<br>£    | 2013<br>£    |
|--|-----------|--------------|--------------|
| <b>Turnover</b>                                      | <b>2</b>  | 16,911,972   | 15,541,954   |
| <b>Cost of sales</b>                                 |           | (14,411,955) | (12,959,990) |
| <b>Gross profit</b>                                  |           | 2,500,017    | 2,581,964    |
| Distribution costs                                   |           | (457,863)    | (492,220)    |
| Administrative expenses                              |           | (964,035)    | (1,006,604)  |
| Other operating income                               |           | 8,364        | 8,364        |
| <b>Operating profit</b>                              | <b>3</b>  | 1,086,483    | 1,091,504    |
| Other interest receivable and similar income         | <b>4</b>  | 573          | 366          |
| Interest payable and similar charges                 | <b>5</b>  | (155,695)    | (160,327)    |
| <b>Profit on ordinary activities before taxation</b> |           | 931,361      | 931,543      |
| Tax on profit on ordinary activities                 | <b>6</b>  | (187,040)    | (173,039)    |
| <b>Profit for the year</b>                           | <b>17</b> | 744,321      | 758,504      |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# Bell Sons & Co (Druggists) Limited

## Statement of Total Recognised Gains and Losses

For the year ended 31 March 2014

|   | Notes | 2014<br>£      | 2013<br>£      |
|---|-------|----------------|----------------|
| <b>Profit for the financial year</b>                          |       | 744,321        | 758,504        |
| Unrealised deficit on revaluation of properties               |       | -              | (77,689)       |
| <b>Total recognised gains and losses relating to the year</b> |       | <u>744,321</u> | <u>680,815</u> |

### Note of historical cost profits and losses

|  | 2014<br>£          | 2013<br>£      |
|--|--------------------|----------------|
| <b>Reported profit on ordinary activities before taxation</b>  | 931,361            | 931,543        |
| Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 2,373              | 8,697          |
| <b>Historical cost profit on ordinary activities before taxation</b>   | <u>933,734</u>     | <u>940,240</u> |
| <b>Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends</b>                               | <u>(2,253,306)</u> | <u>767,201</u> |

# Bell Sons & Co (Druggists) Limited

## Balance Sheet

As at 31 March 2014

|   | Notes | 2014<br>£        | £                | 2013<br>£         | £                |
|---|-------|------------------|------------------|-------------------|------------------|
| <b>Fixed assets</b>                                   |       |                  |                  |                   |                  |
| Intangible assets                                     | 8     |                  | 44,124           |                   | 37,404           |
| Tangible assets                                       | 9     |                  | 2,886,107        |                   | 2,975,076        |
|   |       |                  | <u>2,930,231</u> |                   | <u>3,012,480</u> |
| <b>Current assets</b>                                 |       |                  |                  |                   |                  |
| Stocks  | 10    | 2,689,539        |                  | 2,315,358         |                  |
| Debtors   | 11    | 6,255,643        |                  | 8,748,585         |                  |
| Cash at bank and in hand                              |       | 575,222          |                  | 981,062           |                  |
|   |       | <u>9,520,404</u> |                  | <u>12,045,005</u> |                  |
| <b>Creditors: amounts falling due within one year</b> | 12    | (6,131,354)      |                  | (6,474,161)       |                  |
| <b>Net current assets</b>                             |       |                  | <u>3,389,050</u> |                   | <u>5,570,844</u> |
| <b>Total assets less current liabilities</b>          |       |                  | <u>6,319,281</u> |                   | <u>8,583,324</u> |
| <b>Provisions for liabilities</b>                     | 13    |                  | (47,700)         |                   | (47,700)         |
| <b>Grants</b>   | 14    |                  | (6,787)          |                   | (15,151)         |
|   |       |                  | <u>6,264,794</u> |                   | <u>8,520,473</u> |
| <b>Capital and reserves</b>                           |       |                  |                  |                   |                  |
| Called up share capital                               | 16    |                  | 6,334            |                   | 6,334            |
| Revaluation reserve                                   | 17    |                  | 1,044,811        |                   | 1,047,184        |
| Profit and loss account                               | 17    |                  | 5,213,649        |                   | 7,466,955        |
| <b>Shareholders' funds</b>                            | 18    |                  | <u>6,264,794</u> |                   | <u>8,520,473</u> |

Approved by the Board and authorised for issue on 22.05.2014

M Saldanha  
Director

Company Registration No. 00351951

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements

For the year ended 31 March 2014

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company is dependent on the continuing financial support of its ultimate parent company, and as such the directors have considered the going concern position of the company and their ability to meet liabilities as they fall due over the next twelve months. The company is funded by and has received financial support from its ultimate parent company and its fellow subsidiaries and at the year end a total of £900,128 is owed to group undertakings along with Marksans Pharma Limited. Marksans Pharma Limited also provides a corporate guarantee over the overdraft facility.

Marksans Pharma Limited has confirmed its intention to continue to provide the necessary financial support to Bell Sons & Co (Druggists) Limited to enable it to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements and to enable the company to meet its liabilities as they fall due. Marksans Pharma Limited has also indicated that it will not call on the intercompany debt unless resources permit.

On the basis of their assessment of the company's financial position, the support confirmed by Marksans Pharma Limited and the responses to the enquires made of the ultimate parent company directors, the directors have reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and for this reason continue to adopt the going concern basis of accounting in preparing the financial statements.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 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 based on the date the goods are ready for despatch.

#### 1.4 Intangible fixed assets and amortisation

Intangible fixed assets are capitalised at cost and amortised over their expected useful lives being a period of 10 years.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

|                     |                        |
|---------------------|------------------------|
| Freehold buildings  | 2% cost or valuation   |
| Plant and machinery | 20% written down value |
| Motor vehicles      | 25% cost               |

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

---

### 1 Accounting policies

(Continued)

#### 1.6 Leasing

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

#### 1.7 Stock and work in progress

Stock and work in progress 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 appropriate proportion of labour costs.

#### 1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

|          |  |             |             |
|----------|--|-------------|-------------|
| <b>3</b> | <b>Operating profit</b>                    | <b>2014</b> | <b>2013</b> |
|          |  | <b>£</b>    | <b>£</b>    |
|          | Operating profit is stated after charging: |             |             |
|          | Amortisation of intangible assets          | 5,438       | 3,063       |
|          | Depreciation of tangible assets            | 181,856     | 196,274     |
|          | Loss on foreign exchange transactions      | 135,768     | 100,602     |
|          | Operating lease rentals                    |             |             |
|          | - Plant and machinery                      | 38,296      | 38,439      |
|          | - Other assets                             | 53,557      | 60,870      |
|          | Auditors' remuneration                     | 20,360      | 10,500      |
|          |  |             |             |
|          | and after crediting:                       |             |             |
|          | Government grants                          | 8,364       | 8,364       |
|          | Profit on disposal of tangible assets      | 1,756       | -           |
|          | Profit on foreign exchange transactions    | 617         | 8,056       |
|          |  |             |             |
| <b>4</b> | <b>Investment income</b>                   | <b>2014</b> | <b>2013</b> |
|          |  | <b>£</b>    | <b>£</b>    |
|          | Bank interest                              | 573         | 362         |
|          | Other interest                             | -           | 4           |
|          |  |             |             |
|          |  | 573         | 366         |
|          |  |             |             |
| <b>5</b> | <b>Interest payable</b>                    | <b>2014</b> | <b>2013</b> |
|          |  | <b>£</b>    | <b>£</b>    |
|          | On bank loans and overdrafts               | 155,695     | 160,283     |
|          | Other interest                             | -           | 44          |
|          |  |             |             |
|          |  | 155,695     | 160,327     |
|          |  |             |             |

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

| 6 | Taxation  | 2014<br>£ | 2013<br>£ |
|---|---|-----------|-----------|
|   | <b>Domestic current year tax</b>  |           |           |
|   | U.K. corporation tax  | 187,040   | 184,031   |
|   | Adjustment for prior years  | -         | (1,692)   |
|   | <b>Total current tax</b>  | 187,040   | 182,339   |
|   | <b>Deferred tax</b>   |           |           |
|   | Origination and reversal of timing differences  | -         | (9,300)   |
|   |   | 187,040   | 173,039   |
|   | <b>Factors affecting the tax charge for the year</b>  |           |           |
|   | Profit on ordinary activities before taxation   | 931,361   | 931,543   |
|   | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2013 - 24.00%) | 214,213   | 223,570   |
|   | Effects of:   |           |           |
|   | Non deductible expenses   | 2,385     | -         |
|   | Depreciation add back   | 41,562    | 47,105    |
|   | Capital allowances  | (36,311)  | (30,458)  |
|   | Tax losses utilised   | (34,086)  | (55,016)  |
|   | Non taxable income  | -         | (2,007)   |
|   | Adjustments to previous periods   | -         | (846)     |
|   | Other tax adjustments   | (723)     | (9)       |
|   |   | (27,173)  | (41,231)  |
|   | <b>Current tax charge for the year</b>  | 187,040   | 182,339   |
| 7 | <b>Dividends</b>  | 2014<br>£ | 2013<br>£ |
|   | Ordinary final proposed   | 3,000,000 | -         |

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 8 Intangible fixed assets

|                       | <b>Patents<br/>£</b> |
|-----------------------|----------------------|
| <b>Cost</b>           |                      |
| At 1 April 2013       | 46,792               |
| Additions             | 12,158               |
| At 31 March 2014      | 58,950               |
| <b>Amortisation</b>   |                      |
| At 1 April 2013       | 9,388                |
| Charge for the year   | 5,438                |
| At 31 March 2014      | 14,826               |
| <b>Net book value</b> |                      |
| At 31 March 2014      | 44,124               |
| At 31 March 2013      | 37,404               |

### 9 Tangible fixed assets

|                          | <b>Land and<br/>buildings<br/>Freehold<br/>£</b> | <b>Plant and<br/>machinery<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--|--------------------------------------|---------------------------------|--------------------|
| <b>Cost or valuation</b> |  |                                      |                                 |                    |
| At 1 April 2013          | 2,300,000  | 3,588,158                            | 9,000                           | 5,897,158          |
| Additions                | -  | 101,380                              | -                               | 101,380            |
| Disposals                | -  | (27,284)                             | -                               | (27,284)           |
| At 31 March 2014         | 2,300,000  | 3,662,254                            | 9,000                           | 5,971,254          |
| <b>Depreciation</b>      |  |                                      |                                 |                    |
| At 1 April 2013          | -  | 2,913,082                            | 9,000                           | 2,922,082          |
| On disposals             | -  | (18,791)                             | -                               | (18,791)           |
| Charge for the year      | 38,304   | 143,552                              | -                               | 181,856            |
| At 31 March 2014         | 38,304   | 3,037,843                            | 9,000                           | 3,085,147          |
| <b>Net book value</b>    |  |                                      |                                 |                    |
| At 31 March 2014         | 2,261,696  | 624,411                              | -                               | 2,886,107          |
| At 31 March 2013         | 2,300,000  | 675,076                              | -                               | 2,975,076          |

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 9 Tangible fixed assets

(Continued)

Comparable historical cost for the land and buildings included at valuation:

|                                    | £         |
|------------------------------------|-----------|
| <b>Cost</b>                        |           |
| At 1 April 2013 & at 31 March 2014 | 1,796,527 |
| <b>Depreciation based on cost</b>  |           |
| At 1 April 2013                    | 611,636   |
| Charge for the year                | 35,931    |
| At 31 March 2014                   | 647,567   |
| <b>Net book value</b>              |           |
| At 31 March 2014                   | 1,148,960 |
| At 31 March 2013                   | 1,184,891 |

Freehold land with a valuation of £550,000 (2013: £550,000) and a cost of £268,500 (2013: £268,500) has not been depreciated.

The property was externally valued on 31 March 2013 at £2,300,000 by Eddisons Chartered Surveyors on an open market basis. The directors are not aware of any material change in value subsequently.

### 10 Stocks and work in progress

|                                     | 2014<br>£        | 2013<br>£        |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables       | 828,295          | 913,327          |
| Work in progress                    | 35,001           | 52,295           |
| Finished goods and goods for resale | 1,826,243        | 1,349,736        |
|                                     | <u>2,689,539</u> | <u>2,315,358</u> |

### 11 Debtors

|   | 2014<br>£        | 2013<br>£        |
|---|------------------|------------------|
| Trade debtors   | 2,309,039        | 2,444,969        |
| Amounts owed by parent and fellow subsidiary undertakings | 3,868,592        | 6,235,532        |
| Other debtors   | -                | 190              |
| Prepayments and accrued income                            | 78,012           | 67,894           |
|   | <u>6,255,643</u> | <u>8,748,585</u> |

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

| <b>12 Creditors: amounts falling due within one year</b>  | <b>2014</b>      | <b>2013</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts                                 | 3,248,851        | 3,176,397        |
| Trade creditors   | 1,314,720        | 1,987,050        |
| Amounts owed to parent and fellow subsidiary undertakings | 900,128          | 499,515          |
| Corporation tax   | 188,024          | 183,185          |
| Other taxes and social security costs                     | 214,356          | 221,609          |
| Other creditors   | 11,043           | 9,266            |
| Accruals and deferred income                              | 254,232          | 397,139          |
|   | <u>6,131,354</u> | <u>6,474,161</u> |

The company's overdraft facility is secured on an all asset debenture charge creating a first charge over all freehold property and other assets within the company together with a corporate guarantee from the ultimate parent company, Marksans Pharma Limited, for the whole credit facility.

## 13 Provisions for liabilities

|  | <b>Deferred tax liability</b> |
|--|-------------------------------|
|  | <b>£</b>                      |
| Balance at 1 April 2013 & at 31 March 2014 | <u>47,700</u>                 |

The deferred tax liability is made up as follows:

|                                | <b>2014</b>   | <b>2013</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>£</b>      | <b>£</b>      |
| Accelerated capital allowances | <u>47,700</u> | <u>47,700</u> |

No provision has been made for the potential corporation tax on capital gains that would be payable should the company dispose of the revalued land and buildings at the revalued amount. The potential liability of £nil (2013-£nil) has not been provided for as it is not the intention of the directors to dispose of the land and buildings in the foreseeable future.

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 14 Grants

|                          | Government<br>grants<br>£ |
|--------------------------|---------------------------|
| Balance at 1 April 2013  | 15,151                    |
| Amortisation in the year | (8,364)                   |
| Balance at 31 March 2014 | <u>6,787</u>              |

Government grants comprise amounts received under Regional Development and Enterprise Scheme.

### 15 Pension and other post-retirement benefit commitments

#### Defined contribution

Included in other creditors at year end were pension contributions of £10,230 (2013: £9,266).

|   | 2014<br>£     | 2013<br>£     |
|---|---------------|---------------|
| Contributions payable by the company for the year | <u>83,015</u> | <u>77,598</u> |

### 16 Share capital

|                                    | 2014<br>£    | 2013<br>£    |
|------------------------------------|--------------|--------------|
| Allotted, called up and fully paid |              |              |
| 6,334 Ordinary of £1 each          | <u>6,334</u> | <u>6,334</u> |

### 17 Statement of movements on reserves

|  | Revaluation<br>reserve<br>£ | Profit and loss<br>account<br>£ |
|--|-----------------------------|---------------------------------|
| Balance at 1 April 2013                                      | 1,047,184                   | 7,466,955                       |
| Profit for the year  |                             | 744,321                         |
| Transfer from revaluation reserve to profit and loss account | (2,373)                     | 2,373                           |
| Dividends paid   |                             | (3,000,000)                     |
| Balance at 31 March 2014                                     | <u>1,044,811</u>            | <u>5,213,649</u>                |

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 18 Reconciliation of movements in shareholders' funds

|  | 2014<br>£   | 2013<br>£ |
|--|-------------|-----------|
| Profit for the financial year                      | 744,321     | 758,504   |
| Dividends  | (3,000,000) | -         |
| Net (depletion in)/addition to shareholders' funds | (2,255,679) | 758,504   |
| Opening shareholders' funds                        | 8,520,473   | 7,761,969 |
| Closing shareholders' funds                        | 6,264,794   | 8,520,473 |

### 19 Financial commitments

At 31 March 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2015:

|                                | Land and buildings |           | Other     |           |
|--------------------------------|--------------------|-----------|-----------|-----------|
|                                | 2014<br>£          | 2013<br>£ | 2014<br>£ | 2013<br>£ |
| Operating leases which expire: |                    |           |           |           |
| Within one year                | -                  | -         | 4,730     | 23,684    |
| Between two and five years     | 38,023             | 37,134    | 41,915    | 17,832    |
|                                | 38,023             | 37,134    | 46,645    | 41,516    |

### 20 Directors' remuneration

|   | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| Remuneration for qualifying services                          | 174,274   | 160,172   |
| Company pension contributions to defined contribution schemes | 13,961    | 12,284    |
|   | 188,235   | 172,456   |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2013 - 2).

# Bell Sons & Co (Druggists) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                          | 2014<br>Number | 2013<br>Number |
|--------------------------|----------------|----------------|
| Production               | 159            | 143            |
| Sales and administration | 16             | 14             |
|                          | <u>175</u>     | <u>157</u>     |

#### Employment costs

|                       | 2014<br>£        | 2013<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,421,152        | 3,510,670        |
| Social security costs | 291,008          | 280,295          |
| Other pension costs   | 83,015           | 77,598           |
|                       | <u>3,795,175</u> | <u>3,868,563</u> |

### 22 Control

The immediate parent undertaking is Marksans Holdings Limited, a company incorporated in England and Wales. The company is controlled by Marksans Pharma U.K. Limited by virtue of its 100% ownership of Marksans Holdings Limited.

The parent undertaking of the smallest group for which consolidated accounts are prepared is Marksans Pharma U.K. Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ. The parent undertaking of the largest group for which consolidated accounts are prepared is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from The Registrar of Companies, Everest 100, Marine Drive, Mumbai - 400 002, Maharashtra.

In the opinion of the directors, Marksans Pharma Limited is the company's ultimate parent company and ultimate controlling party.

### 23 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group, as all companies are consolidated in the group accounts of Marksans Pharma Limited.

# **Bell Sons & Co (Druggists) Limited**

**Management Information**

**For the year ended 31 March 2014**

# Bell Sons & Co (Druggists) Limited

## Detailed Trading and Profit and Loss Account

For the year ended 31 March 2014

|   | 2014                  | 2013                  |
|---|-----------------------|-----------------------|
|   | £                     | £                     |
| <b>Turnover</b>                                     |                       |                       |
| Sales   | 16,935,992            | 15,541,954            |
| Other income receivable as turnover income          | (24,020)              | -                     |
|   | <u>16,911,972</u>     | <u>15,541,954</u>     |
| <b>Cost of sales</b>                                |                       |                       |
| Purchases - raw materials                           | 9,413,901             | 8,477,502             |
| Wages and salaries                                  | 2,912,911             | 2,953,046             |
| National Insurance                                  | 247,776               | 226,781               |
| Direct manufacturing costs                          | 452,132               | 269,935               |
| Carriage inwards and import duty                    | 672,829               | 439,129               |
| Product development                                 | 11,915                | 6,094                 |
| Light, heat and power                               | 174,099               | 163,553               |
| Maintenance   | 212,212               | 136,651               |
| Licences  | 5,364                 | 3,063                 |
| Depreciation of plant and equipment                 | 173,048               | 183,634               |
| Miscellaneous costs                                 | 135,768               | 100,602               |
|   | <u>(14,411,955)</u>   | <u>(12,959,990)</u>   |
| <b>Gross profit</b>                                 | <u>2,500,017</u>      | <u>2,581,964</u>      |
| <b>Distribution costs</b>                           | 457,863               | 492,220               |
| <b>Administrative expenses</b>                      | 964,035               | 1,006,604             |
|   | <u>(1,421,898)</u>    | <u>(1,498,824)</u>    |
|   | <u>1,078,119</u>      | <u>1,083,140</u>      |
| <b>Other operating income</b>                       |                       |                       |
| Other operating income                              | 8,364                 | 8,364                 |
|   | <u>1,086,483</u>      | <u>1,091,504</u>      |
| <b>Operating profit</b>                             |                       |                       |
| <b>Other interest receivable and similar income</b> |                       |                       |
| Bank interest receivable                            | 573                   | 362                   |
| Other interest receivable                           | -                     | 4                     |
|   | <u>573</u>            | <u>366</u>            |
| <b>Interest payable</b>                             |                       |                       |
| Bank overdraft interest payable                     | 148,682               | 163,292               |
| Bank loan interest payable                          | 7,013                 | (3,009)               |
| Other interest - on overdue tax                     | -                     | 44                    |
|   | <u>(155,695)</u>      | <u>(160,327)</u>      |
| <b>Profit before taxation</b>                       | <u><u>931,361</u></u> | <u><u>931,543</u></u> |

# Bell Sons & Co (Druggists) Limited

## Schedule of Distribution Costs AND Administrative Expenses

For the year ended 31 March 2014

|   | 2014<br>£      | 2013<br>£        |
|---|----------------|------------------|
| <b>Distribution costs</b>                         |                |                  |
| Wages and salaries                                | 208,665        | 260,397          |
| National Insurance                                | 17,749         | 22,972           |
| Sales rebates                                     | 145,282        | 128,501          |
| Vehicle leasing                                   | 16,393         | 17,176           |
| Travelling expenses                               | -              | (2,492)          |
| Salesman expenses                                 | 44,677         | 41,546           |
| Advertising and promotions                        | 17,343         | 16,057           |
| Sundry expenses                                   | 7,754          | 8,063            |
|   | <u>457,863</u> | <u>492,220</u>   |
| <b>Administrative expenses</b>                    |                |                  |
| Wages and salaries                                | 144,450        | 144,347          |
| Directors' remuneration                           | 155,126        | 152,880          |
| National Insurance                                | 25,483         | 30,542           |
| Directors' pension costs - money purchase schemes | 13,961         | 12,284           |
| Staff pension costs - money purchase schemes      | 69,054         | 65,314           |
| Staff training & welfare                          | 6,425          | 10,391           |
| Rent - operating leases                           | 53,557         | 60,870           |
| Rates   | 55,142         | 64,807           |
| Insurances  | 56,525         | 58,077           |
| Repairs and maintenance                           | 52,563         | 23,678           |
| Printing and stationery                           | 40,297         | 43,188           |
| Telephone and fax                                 | 21,877         | 19,324           |
| Motor vehicle leasing (operational)               | 21,903         | 21,263           |
| Motor running costs                               | 1,636          | 1,447            |
| Travelling expenses                               | -              | 2,492            |
| Legal and professional                            | 12,132         | 10,096           |
| Auditors' remuneration                            | 20,360         | 12,567           |
| Bank charges                                      | 24,395         | 30,110           |
| Discounts allowed                                 | 24,798         | 17,834           |
| Canteen   | 38,596         | 37,223           |
| Employee expenses                                 | 7,826          | 14,686           |
| Charity donations                                 | 501            | 680              |
| Sundry expenses                                   | 15,270         | 26,376           |
| Subscriptions                                     | 4,445          | 2,308            |
| Depreciation - other fixed assets                 | 8,880          | 12,640           |
| Profit on sale of tangible assets                 | (1,756)        | -                |
| Profit on foreign exchange                        | (617)          | (8,056)          |
| Product registrations and trademarks              | 72,816         | 73,632           |
| Tax fees  | -              | 90               |
| Charges from Marksans India Limited               | -              | 50,000           |
| Life & Medical Insurance                          | <u>18,390</u>  | <u>15,514</u>    |
|   | <u>964,035</u> | <u>1,006,604</u> |

# Relonchem Limited

**Directors' Report and Financial Statements**  
**For the year ended 31 March 2014**

# Relonchem Limited

## Company Information

---

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | M Saldanha<br>J Sharma  |
| <b>Secretary</b>         | Mr D Barlow   |
| <b>Company number</b>    | 04773758  |
| <b>Registered office</b> | 27 Old Gloucester Street<br>London<br>WC1 3XX   |
| <b>Auditors</b>          | Kingston Smith LLP<br>Surrey House<br>36-44 High Street<br>Redhill<br>Surrey<br>RH1 1RH |

---

# Relonchem Limited

---

## Contents

---

|                                   | Page   |
|-----------------------------------|--------|
| Strategic report                  | 1      |
| Directors' report                 | 2      |
| Independent auditors' report      | 3 - 4  |
| Profit and loss account           | 5      |
| Balance sheet                     | 6      |
| Notes to the financial statements | 7 - 12 |

---

# Relonchem Limited

## Strategic Report

For the year ended 31 March 2014

---

The directors present the strategic report and financial statements for the year ended 31 March 2014.

### Review of the business

The directors consider the results for the period to be satisfactory. During the period like for like sales increased from £6,927,927 to £11,324,964 and the profit on ordinary activities before taxation was £1,273,697 (2013: £58,090). The directors expect turnover and the profit on ordinary activities to increase in the forthcoming year.

The company develops, registers and distributes prescription generic pharmaceuticals in the UK.

Principal risks and uncertainties arise from a competitive market.

Increasing raw material costs continue to threaten margins. The company is able to manage this risk by utilising the low cost manufacturing capability of the parent company, which also secures reliable supplies.

The company will continue to develop its product range through new product development and acquisition of licences, to meet market needs.

The profit for the year, after taxation, amounted to £1,124,346 (2013: £58,090).

On behalf of the board



M Saldanha  
Director

22.05.2014

# Relonchem Limited

## Directors' Report

For the year ended 31 March 2014

The directors present their report and financial statements for the year ended 31 March 2014.

The principal activity of the company continued to be that of development, registration and distribution of prescription generic pharmaceuticals in the UK.

### Results and dividends

The results for the year are set out on page 5.

### Directors

The following directors have held office since 1 April 2013:

M Saldanha

J Sharma

### Auditors

Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of 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 of the profit or loss of the company for that period. In preparing these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

M Saldanha  
Director

22.05.2014

# Relonchem Limited

## Independent Auditors' Report to the Members of Relonchem Limited

---

We have audited the financial statements of Relonchem Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 March 2014 and of its 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Relonchem Limited

## Independent Auditors' Report to the Members of Relonchem Limited (Continued)

---

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or

*P. Chadda*

**Parveen Chadda (Senior Statutory Auditor)**  
**for and on behalf of Kingston Smith LLP**

27 May 2014

**Chartered Accountants**  
**Statutory Auditor**

Surrey House  
36-44 High Street  
Redhill  
Surrey  
RH1 1RH

# Relonchem Limited

## Profit and Loss Account

For the year ended 31 March 2014

|  | Notes     | 2014<br>£   | 2013<br>£   |
|--|-----------|-------------|-------------|
| <b>Turnover</b>                                      | <b>2</b>  | 11,324,964  | 6,927,927   |
| Cost of sales  |           | (9,270,312) | (6,158,812) |
| <b>Gross profit</b>                                  |           | 2,054,652   | 769,115     |
| Administrative expenses                              |           | (727,591)   | (626,101)   |
| Other operating income                               |           | 24,020      | -           |
| <b>Operating profit</b>                              | <b>3</b>  | 1,351,081   | 143,014     |
| Interest payable and similar charges                 | <b>4</b>  | (77,384)    | (84,924)    |
| <b>Profit on ordinary activities before taxation</b> |           | 1,273,697   | 58,090      |
| Tax on profit on ordinary activities                 | <b>5</b>  | (149,351)   | -           |
| <b>Profit for the year</b>                           | <b>12</b> | 1,124,346   | 58,090      |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# Relonchem Limited

## Balance Sheet

As at 31 March 2014

|   | Notes | 2014<br>£        | £ | 2013<br>£        | £ |
|---|-------|------------------|---|------------------|---|
| <b>Fixed assets</b>                                   |       |                  |   |                  |   |
| Intangible assets                                     | 6     | 3,360,289        |   | 3,470,200        |   |
| Tangible assets                                       | 7     | 8,462            |   | 11,283           |   |
|   |       | <u>3,368,751</u> |   | <u>3,481,483</u> |   |
| <b>Current assets</b>                                 |       |                  |   |                  |   |
| Stocks  | 8     | 1,482,379        |   | 305,146          |   |
| Debtors   | 9     | 5,979,633        |   | 4,267,603        |   |
| Cash at bank and in hand                              |       | 257,931          |   | 173,931          |   |
|   |       | <u>7,719,943</u> |   | <u>4,746,680</u> |   |
| <b>Creditors: amounts falling due within one year</b> | 10    | (4,374,306)      |   | (2,638,121)      |   |
| <b>Net current assets</b>                             |       | <u>3,345,637</u> |   | <u>2,108,559</u> |   |
| <b>Total assets less current liabilities</b>          |       | <u>6,714,388</u> |   | <u>5,590,042</u> |   |
| <b>Capital and reserves</b>                           |       |                  |   |                  |   |
| Called up share capital                               | 11    | 2,300            |   | 2,300            |   |
| Share premium account                                 | 12    | 6,909,121        |   | 6,909,121        |   |
| Profit and loss account                               | 12    | (197,033)        |   | (1,321,379)      |   |
| <b>Shareholders' funds</b>                            | 13    | <u>6,714,388</u> |   | <u>5,590,042</u> |   |

Approved by the Board and authorised for issue on 22.05.2014

M Saldanha  
Director

Company Registration No. 04773758

# Relonchem Limited

## Notes to the Financial Statements

For the year ended 31 March 2014

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company is dependent on the continuing financial support of its ultimate parent company, and as such the directors have considered the going concern position of the company and their ability to meet liabilities as they fall due over the next twelve months. The company is funded by and has received financial support from its ultimate parent company and its fellow subsidiaries and at the year end a total of £1,937,065 is owed to group undertakings along with Marksans Pharma Limited. Marksans Pharma Limited also provides a corporate guarantee over the overdraft facility.

Marksans Pharma Limited has confirmed its intention to continue to provide the necessary financial support to Relonchem Limited to enable it to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements and to enable the company to meet its liabilities as they fall due. Marksans Pharma Limited has also indicated that it will not call on the intercompany debt unless resources permit.

On the basis of their assessment of the company's financial position, the support confirmed by Marksans Pharma Limited and the responses to the enquires made of the ultimate parent company directors, the directors have reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and for this reason continue to adopt the going concern basis of accounting in preparing the financial statements.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 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 based on the date they are ready for despatch.

#### 1.4 Intangible fixed assets and amortisation

Intangible assets are stated at cost and amortised over their expected useful lives being a period of 20 years.

#### 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 less estimated residual value of each asset over its expected useful life, as follows:

|                                |                      |
|--------------------------------|----------------------|
| Fixtures, fittings & equipment | 25% reducing balance |
|--------------------------------|----------------------|

#### 1.6 Leasing

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

# Relonchem Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 1 Accounting policies

(Continued)

#### 1.7 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

|  | 2014<br>£         | 2013<br>£         |
|--|-------------------|-------------------|
| Operating profit is stated after charging:                       |                   |                   |
| Amortisation of intangible assets                                | 238,961           | 233,000           |
| Depreciation of tangible assets                                  | 2,821             | 1,200             |
| Operating lease rentals  | 10,200            | 9,600             |
| Auditors' remuneration (including expenses and benefits in kind) | 13,100            | 8,500             |
|  | <u>          </u> | <u>          </u> |
| and after crediting:   |                   |                   |
| Profit on foreign exchange transactions                          | 7,163             | -                 |
|  | <u>          </u> | <u>          </u> |

### 4 Interest payable

|                              | 2014<br>£         | 2013<br>£         |
|------------------------------|-------------------|-------------------|
| On bank loans and overdrafts | 77,384            | 84,924            |
|                              | <u>          </u> | <u>          </u> |

# Relonchem Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

| 5 | Taxation  | 2014      | 2013                    |
|---|---|-----------|-------------------------|
|   |   | £         | £                       |
|   | <b>Domestic current year tax</b>  |           |                         |
|   | U.K. corporation tax  | 149,351   | -                       |
|   | <b>Total current tax</b>  | 149,351   | -                       |
|   | <b>Factors affecting the tax charge for the year</b>  |           |                         |
|   | Profit on ordinary activities before taxation   | 1,273,697 | 58,090                  |
|   | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2013 - 24.00%) | 292,950   | 13,942                  |
|   | Effects of:   |           |                         |
|   | Non deductible expenses   | 891       | 228                     |
|   | Amortisation and depreciation   | 44,479    | 46,142                  |
|   | Capital allowances  | (283)     | (360)                   |
|   | Tax losses utilised   | (188,686) | (59,952)                |
|   |   | (143,599) | (13,942)                |
|   | <b>Current tax charge for the year</b>  | 149,351   | -                       |
| 6 | <b>Intangible fixed assets</b>  |           | <b>Product licenses</b> |
|   |   |           | £                       |
|   | <b>Cost</b>   |           |                         |
|   | At 1 April 2013   |           | 4,650,168               |
|   | Additions   |           | 129,050                 |
|   | At 31 March 2014  |           | 4,779,218               |
|   | <b>Amortisation</b>   |           |                         |
|   | At 1 April 2013   |           | 1,179,968               |
|   | Charge for the year   |           | 238,961                 |
|   | At 31 March 2014  |           | 1,418,929               |
|   | <b>Net book value</b>   |           |                         |
|   | At 31 March 2014  |           | 3,360,289               |
|   | At 31 March 2013  |           | 3,470,200               |

# Relonchem Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 7 Tangible fixed assets

|                                    | Fixtures,<br>fittings &<br>equipment<br>£ |
|------------------------------------|---|
| <b>Cost</b>                        |   |
| At 1 April 2013 & at 31 March 2014 | 22,615                                    |
| <b>Depreciation</b>                |   |
| At 1 April 2013                    | 11,332                                    |
| Charge for the year                | 2,821                                     |
| At 31 March 2014                   | 14,153                                    |
| <b>Net book value</b>              |   |
| At 31 March 2014                   | 8,462                                     |
| At 31 March 2013                   | 11,283                                    |

### 8 Stocks

|                                     | 2014<br>£ | 2013<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 1,482,379 | 305,146   |

### 9 Debtors

|   | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| Trade debtors   | 2,819,773 | 1,396,989 |
| Amounts owed by parent and fellow subsidiary undertakings | 3,144,695 | 2,858,659 |
| Prepayments and accrued income                            | 15,165    | 11,955    |
|   | 5,979,633 | 4,267,603 |

# Relonchem Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

| 10 Creditors: amounts falling due within one year         | 2014<br>£        | 2013<br>£        |
|---|------------------|------------------|
| Bank loans and overdrafts                                 | 1,522,049        | 1,501,529        |
| Trade creditors   | 580,643          | 323,416          |
| Amounts owed to parent and fellow subsidiary undertakings | 1,937,065        | 752,740          |
| Corporation tax   | 149,351          | -                |
| Other taxes and social security costs                     | 88,517           | 32,654           |
| Accruals and deferred income                              | 96,681           | 27,782           |
|   | <u>4,374,306</u> | <u>2,638,121</u> |

Bank overdrafts are secured by an all asset debenture charge creating the first charge over all freehold and leasehold property owned by the company, all fixtures, fittings, plant and machinery and other equipment, intellectual property together with a corporate guarantee from the ultimate parent company, Marksans Pharma Limited.

| 11 Share capital                   | 2014<br>£    | 2013<br>£    |
|------------------------------------|--------------|--------------|
| Allotted, called up and fully paid |              |              |
| 2,300 Ordinary shares of £1 each   | <u>2,300</u> | <u>2,300</u> |

| 12 Statement of movements on reserves | Share premium account<br>£ | Profit and loss account<br>£ |
|---------------------------------------|----------------------------|------------------------------|
| Balance at 1 April 2013               | 6,909,121                  | (1,321,379)                  |
| Profit for the year                   | -                          | 1,124,346                    |
| Balance at 31 March 2014              | <u>6,909,121</u>           | <u>(197,033)</u>             |

| 13 Reconciliation of movements in shareholders' funds | 2014<br>£        | 2013<br>£        |
|---|------------------|------------------|
| Profit for the financial year                         | 1,124,346        | 58,090           |
| Opening shareholders' funds                           | <u>5,590,042</u> | <u>5,531,952</u> |
| Closing shareholders' funds                           | <u>6,714,388</u> | <u>5,590,042</u> |

# Relonchem Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2014

### 14 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                          | 2014<br>Number | 2013<br>Number |
|--------------------------|----------------|----------------|
| Administration and sales | 5              | 4              |
| Employment costs         | 2014<br>£      | 2013<br>£      |
| Wages and salaries       | 199,902        | 137,032        |
| Social security costs    | 23,144         | 14,615         |
|                          | 223,046        | 151,647        |

### 15 Control

The immediate parent undertaking is Marksans Pharma U.K. Limited. The parent undertaking of the smallest group for which consolidated accounts are prepared is Marksans Pharma U.K. Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ. The parent undertaking of the largest group for which consolidated accounts are prepared is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from The Registrar of Companies, Everest 100, Marine Drive, Mumbai - 400 002, Maharashtra. In the opinion of the directors, Marksans Pharma Limited is the company's ultimate parent company and ultimate controlling party.

### 16 Related party relationships and transactions

The company has taken the exemption in FRS8 not to disclose related party transactions with 100% owned group companies as all companies are consolidated in the group accounts of Marksans Pharma Limited.

# **Relonchem Limited**

**Management Information**  
**For the year ended 31 March 2014**

# Relonchem Limited

## Detailed Trading and Profit and Loss Account

For the year ended 31 March 2014

|                                 | 2014        | 2013        |
|---------------------------------|-------------|-------------|
|                                 | £           | £           |
| <b>Turnover</b>                 |             |             |
| Sales                           | 11,324,964  | 6,927,927   |
| <b>Cost of sales</b>            |             |             |
| Purchases                       | 8,672,559   | 5,759,976   |
| Carriage and packaging          | 179,724     | 96,970      |
| Storage                         | 162,552     | 97,186      |
| Pharmaceutical licence fee      | 81,647      | 101,134     |
| Laboratory Testing              | 173,830     | 103,546     |
|                                 | (9,270,312) | (6,158,812) |
| <b>Gross profit</b>             | 2,054,652   | 769,115     |
| <b>Administrative expenses</b>  | (727,591)   | (626,101)   |
|                                 | 1,327,061   | 143,014     |
| <b>Other operating Income</b>   |             |             |
| Sundry income                   | 24,020      | -           |
| <b>Operating profit</b>         | 1,351,081   | 143,014     |
| <b>Interest payable</b>         |             |             |
| Bank overdraft interest payable | 76,952      | 84,924      |
| Other loan interest payable     | 432         | -           |
|                                 | (77,384)    | (84,924)    |
| <b>Profit before taxation</b>   | 1,273,697   | 58,090      |

# Relonchem Limited

## Schedule of Administrative Expenses

For the year ended 31 March 2014

|  | 2014<br>£      | 2013<br>£      |
|--|----------------|----------------|
| <b>Administrative expenses</b>           |                |                |
| Wages and salaries                       | 199,902        | 137,032        |
| National Insurance                       | 23,144         | 14,615         |
| Staff training                           | -              | 2,469          |
| Management charges                       | 12,870         | 2,970          |
| Rent                                     | 10,200         | 9,600          |
| Insurance                                | 39,321         | 34,402         |
| Repairs and maintenance                  | 904            | 1,054          |
| Service charge payable                   | -              | 15,000         |
| Printing, postage and stationery         | 8,905          | 6,261          |
| Advertising and promotion                | 8,500          | 700            |
| Telephone and fax                        | 2,479          | 4,904          |
| GMP Inspection Fees                      | 11,852         | 22,100         |
| Motor running expenses                   | 7,957          | 5,851          |
| Travelling expenses                      | 21,362         | 16,731         |
| Legal and professional fees              | 81,991         | 49,722         |
| Consultancy fees                         | 26,882         | 27,012         |
| Non audit remuneration paid to auditors' | -              | 2,940          |
| Auditors' remuneration                   | 13,100         | 8,500          |
| Bank charges                             | 9,011          | 15,583         |
| Bad debts                                | 2,238          | -              |
| Sundry expenses                          | 682            | 5,271          |
| Subscriptions                            | 7,800          | 5,444          |
| Amortisation - intangible fixed assets   | 238,961        | 233,000        |
| Depreciation - plant and machinery       | 2,821          | 1,200          |
| Profit on foreign exchange               | (7,163)        | -              |
| Cleaning                                 | -              | 3,413          |
| Entertainment                            | 3,873          | 327            |
|  | <u>727,591</u> | <u>626,101</u> |

**NOVA PHARMACEUTICALS  
AUSTRALASIA PTY LTD**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

**Darshan Dhillon**

Suite 1, 11 Bridge Street, Epping, NSW, 2121  
Telephone: 9876 2678 Fax: 9876 1164  
Email: [darshan.info@bigpond.com](mailto:darshan.info@bigpond.com)

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**

**ACN 104 838 440**

**CONTENTS**

Independent Audit Report

Directors' Report

Directors' Declaration

Balance Sheet(Statement of Financial Position)  
as at 31st March 2014

Profit and Loss Statement  
for the year ended 31st March 2014

Trading Statement  
for the year ended 31st March 2014

Detailed Profit and Loss Account  
for the year ended 31st March 2014

Notes to the Financial Statements  
for the year ended 31st March 2014

Statement of Cashflows  
for the year ended 31st March 2014



Principal

ROBERT MITCHELL

Robert

**MITCHELL**

& Company

CHARTERED ACCOUNTANTS

(established 1947)

**Independent Auditor's Report to the Members of Nova Pharmaceuticals Australasia Pty Ltd**

I have audited the accompanying financial report, being a special purpose financial report of Nova Pharmaceuticals Australasia Pty Ltd, ACN104 838 440, (the company) for the year ended 31<sup>st</sup> March 2014, comprising the Statement of Financial Position as at 31<sup>st</sup> March 2014, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

**Directors' responsibility for the financial report**

The Company's directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 1 to the financial report are appropriate to meet the requirements of the Corporations Act 2001 and meet the needs of the members. The directors' responsibility also includes such internal control as they determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

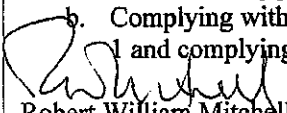
**Auditor's Independence Declaration**

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.

**Opinion**

In my opinion, the financial report of Nova Pharmaceuticals Australasia Pty Ltd is in accordance with the Corporations Act 2001, including:

- a. Giving a true and fair view of the company's financial position as at 31<sup>st</sup> March, 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. Complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

  
Robert William Mitchell  
of Robert Mitchell & Company

"We Meet Your Business Needs"

Dated

 9 May 2014

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

All Correspondence to

18 Kingston Road  
Langwarrin  
VIC 3910

Telephone: (03) 8790 8113  
Email: rlangwarrin@bigpond.com

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**  
**ACN 104 838 440**

**DIRECTORS' REPORT**

The Directors present their report on the Company for the financial year ended 31st March 2014 as follows:-

1. DIRECTORS

The names of the Directors in office since the start of the year to the date of this report are

H Mohammed  
M Saldanha

O Mohammed  
J M P Sharma

2. PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was that of Medicines Wholesaling. No significant change in the nature of these activities occurred during the year.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the company's state of affairs occurred during the year.

4. REVIEW OF OPERATIONS

During the year ended 31st March 2014 the company earned a profit after tax of \$763,839.

5. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or state of affairs of the company in future financial years.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in the future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

7. ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

8. DIVIDENDS

Dividends paid during the year amounted to \$856,078. The Directors decided that no final dividends be declared for the year ended 31st March 2014.

9. OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

10. INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

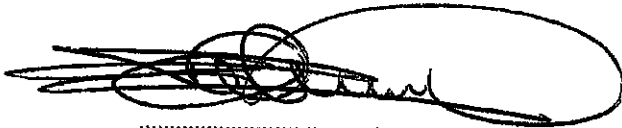
11. AUDITOR'S INDEPENDENCE DECLARATION

The auditor has issued a written declaration to the directors stating that: there have been no contraventions of the auditor's independence requirements set out in the Corporations Act 2001; and there have been no contraventions of auditor independence requirements of any applicable code of professional conduct.

12. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

This directors' report is signed in accordance with a resolution of the board of Directors:

A handwritten signature in black ink, consisting of a series of loops and strokes, positioned above a dotted line.

.....  
Director

Dated this 7th day of May 2014.

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**

**ACN 104 838 440**

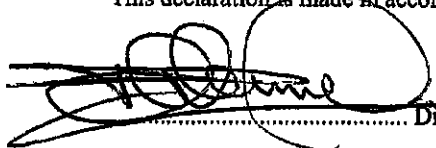
**DIRECTORS' DECLARATION**

The directors have determined that the company is not a reporting entity. The directors have determined that this special purposes financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes present fairly the company's financial position as at 31st March 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

  
..... Director

Dated at Bella Vista this 7th day of May 2014.

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD****ACN 104 838 440****BALANCE SHEET AS AT 31ST MARCH 2014**

|                                     | NOTE                | 2013                |
|-------------------------------------|---------------------|---------------------|
| <b>CURRENT ASSETS</b>               |                     |                     |
| Cash                                | 2 954,793           | 1,038,536           |
| Receivables                         | 3 1,200,697         | 1,437,107           |
| Inventories                         | 4 987,142           | 821,425             |
|                                     | <u>3,142,632</u>    | <u>3,297,068</u>    |
| <b>NON-CURRENT ASSETS</b>           |                     |                     |
| Investments                         | 5 94                | 94                  |
| PROPERTY PLANT AND EQUIPMENT        | 6 82,915            | 74,635              |
|                                     | <u>83,009</u>       | <u>74,729</u>       |
| <b>TOTAL ASSETS</b>                 | <u>3,225,641</u>    | <u>3,371,797</u>    |
| <b>CURRENT LIABILITIES</b>          |                     |                     |
| Creditors & Borrowings              | 7 224,707           | 171,155             |
| Provisions                          | 8 -                 | 107,469             |
|                                     | <u>224,707</u>      | <u>278,624</u>      |
| <b>TOTAL LIABILITIES</b>            | <u>224,707</u>      | <u>278,624</u>      |
| <b>NET ASSETS</b>                   | <u>\$ 3,000,934</u> | <u>\$ 3,093,173</u> |
| <b>SHARE CAPITAL AND RESERVES</b>   |                     |                     |
| Share Capital                       | 150                 | 150                 |
| Accumulated Profit                  | <u>3,000,784</u>    | <u>3,093,023</u>    |
| <b>TOTAL CAPITAL &amp; RESERVES</b> | <u>\$ 3,000,934</u> | <u>\$ 3,093,173</u> |

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**

**ACN 104 838 440**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

|   | NOTE         | 2013         |
|---|--------------|--------------|
| Operating Profit                            |              |              |
| Before Income Tax                           | 1,093,952    | 1,881,607    |
| Income Tax Expense                          | 330,113      | 571,724      |
|   | <hr/>        | <hr/>        |
| OPERATING PROFIT AND<br>EXTRAORDINARY ITEMS | 763,839      | 1,309,883    |
| Retained Profits at July 1                  | 3,093,023    | 2,616,473    |
|   | <hr/>        | <hr/>        |
| PROFIT AVAILABLE FOR<br>APPROPRIATION       | 3,856,862    | 3,926,356    |
| Dividends                                   | 856,078      | 833,333      |
|   | <hr/>        | <hr/>        |
| RETAINED PROFITS                            | \$ 3,000,784 | \$ 3,093,023 |
|   | <hr/>        | <hr/>        |

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**  
**ACN 104 838 440**

**TRADING STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**

|                             | NOTE                | 2013                |
|-----------------------------|---------------------|---------------------|
| <b>TRADING ACCOUNT</b>      |                     |                     |
| Sales                       | 9,288,693           | 9,876,004           |
| <b>LESS COST OF SALES</b>   |                     |                     |
| Opening Stock               | 821,425             | 1,155,630           |
| Purchases                   | 5,315,188           | 5,067,551           |
| Foreign Exchange            | 251,852             | (85,261)            |
|                             | <hr/>               | <hr/>               |
|                             | 6,388,465           | 6,137,920           |
| Closing Stock               | 987,142             | 821,425             |
|                             | <hr/>               | <hr/>               |
|                             | 5,401,323           | 5,316,495           |
|                             | <hr/>               | <hr/>               |
| <b>TOTAL TRADING PROFIT</b> | <b>\$ 3,887,370</b> | <b>\$ 4,559,509</b> |

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD****ACN 104 838 440****DETAILED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

|                            | NOTE      | 2013      |
|----------------------------|-----------|-----------|
| <b>INCOME</b>              |           |           |
| Gross Profit Trading       | 3,887,370 | 4,559,509 |
| Interest Received          | 18,903    | 26,463    |
|                            | <hr/>     | <hr/>     |
| <b>TOTAL INCOME</b>        | 3,906,273 | 4,585,972 |
| <b>EXPENSES</b>            |           |           |
| Accountancy                | 4,090     | 4,630     |
| Advertising & Selling      | 178,731   | 188,364   |
| Audit & Inspections        | 5,630     | 7,200     |
| Bad Debts                  | -         | 87,707    |
| Bank Charges               | 3,732     | 3,862     |
| Cleaning                   | 3,750     | 2,500     |
| Commission                 | 26,589    | 26,203    |
| Consultants Fees           | 86,393    | 94,076    |
| Computer Supplies          | 9,025     | 8,270     |
| Depreciation               | 30,274    | 15,922    |
| Design Fees                | 23,905    | 34,494    |
| Donations                  | 1,100     | 15,093    |
| Electricity                | 10,295    | 6,210     |
| Filing Fees                | 230       | 227       |
| Freight & Cartage          | 577,888   | 721,652   |
| Insurance                  | 32,297    | 20,350    |
| Interest                   | 5,392     | 15,053    |
| Leasing Charges            | 2,730     | 4,313     |
| Licences & Registrations   | 177,526   | 98,816    |
| Loss of Profits Claims     | 50,492    | 3,479     |
| Motor Vehicle Expenses     | 3,974     | 8,077     |
| Office Expenses            | 3,273     | 6,092     |
| Payroll Tax                | 7,211     | -         |
| Printing & Stationery      | 3,662     | 3,373     |
| Rent                       | 139,508   | 56,946    |
| Repairs & Maintenance      | 8,001     | 1,926     |
| Salaries                   | 930,464   | 831,927   |
| Staff Training & Amenities | 7,766     | 25,168    |
| Storage                    | 105,300   | 103,308   |
| Superannuation             | 84,028    | 97,404    |
| Telephone & Internet       | 13,422    | 14,680    |
| Testing Fees               | 50,582    | 9,077     |
| Travelling Expenses        | 111,542   | 109,456   |
| Warehouse Expenses         | 113,519   | 78,510    |
|                            | <hr/>     | <hr/>     |
| <b>TOTAL EXPENSES</b>      | 2,812,321 | 2,704,365 |

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**  
**ACN 104 838 440**

**DETAILED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

|   | NOTE                    | 2013                    |
|---|-------------------------|-------------------------|
|   | <u>          </u>       | <u>          </u>       |
| OPERATING PROFIT BEFORE<br>INCOME TAX           | 1,093,952               | 1,881,607               |
| Income Tax Expense                              | <u>330,113</u>          | <u>571,724</u>          |
| OPERATING PROFIT FOR THE YEAR                   | <u>763,839</u>          | <u>1,309,883</u>        |
| <br>OPERATING PROFIT AND<br>EXTRAORDINARY ITEMS | <br>763,839             | <br>1,309,883           |
| Retained Profits at July 1                      | <u>3,093,023</u>        | <u>2,616,473</u>        |
| <br>PROFIT AVAILABLE FOR<br>APPROPRIATION       | <br>3,856,862           | <br>3,926,356           |
| <br>Dividends                                   |                         |                         |
| Ordinary Dividend Paid                          | <u>856,078</u>          | <u>833,333</u>          |
| <br>RETAINED PROFITS                            | <br>\$ <u>3,000,784</u> | <br>\$ <u>3,093,023</u> |

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**  
**ACN 104 838 440**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**NOTE 1 - Statement of Significant Accounting Policies**

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historic costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the financial statements are as follows:

**1) Income Tax**

The income tax expense, if any, for the year comprises current income tax expense. The company does not apply deferred tax. The income tax expense charged to the profit or loss is the tax payable on income calculated using applicable income tax rates applicable at the end of the reporting period.

**2) Property, Plant & Equipment**

All depreciable assets are depreciated over their useful lives, using straight line or diminishing value basis. Depreciation commences from the time the asset is available for its intended use. The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount.

**3) Trade and Other Receivables**

Trade receivables are measured at transaction price less any provision for impairment.

**4) Investments**

Investments, if any, include shares in listed and unlisted entities. The company measures these investments at cost less any impairment.

**5) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, for which it is probable that an outflow of economic benefits will result. The provision is the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**

**ACN 104 838 440**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2014**

**6) Revenue**

All revenue is stated net of, if any, goods and services tax(GST). Revenue is measured at the value of the consideration received or receivable.

2013

**NOTE 2 - Cash**

|                                |                   |                     |
|--------------------------------|-------------------|---------------------|
| Cash in Hand                   | 1,014             | 151                 |
| Westpac Cheque account         | 123,150           | 81,934              |
| Westpac Bank Guarantee Deposit | 38,258            | 57,512              |
| Westpac Maxi-Business account  | 772,251           | 898,939             |
| Westpac Term Deposit           | 20,120            | -                   |
|                                | <u>\$ 954,793</u> | <u>\$ 1,038,536</u> |

**NOTE 3 - Current**

|                      |                     |                     |
|----------------------|---------------------|---------------------|
| Trade Debtors        | 1,033,531           | 1,368,828           |
| GST Refund Due       | -                   | -                   |
| Prepayments          | 167,166             | 68,279              |
| Loan Holding Company | -                   | -                   |
|                      | <u>\$ 1,200,697</u> | <u>\$ 1,437,107</u> |

**NOTE 4 - Current**

|               |                   |                   |
|---------------|-------------------|-------------------|
| Stock on Hand | <u>\$ 987,142</u> | <u>\$ 821,425</u> |
|---------------|-------------------|-------------------|

**NOTE 5 - Non Current**

|  |              |              |
|--|--------------|--------------|
| Shares in Nova Pharmaceuticals<br>Ltd- Wholly owned subsidiary | <u>\$ 94</u> | <u>\$ 94</u> |
|--|--------------|--------------|

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**  
**ACN 104 838 440**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

2013

**NOTE 6 - PROPERTY PLANT AND EQUIPMENT**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Office Equipment - at Cost     | 38,040           | 35,486           |
| Less Prov'n for Depreciation   | <u>34,946</u>    | <u>31,986</u>    |
|                                | 3,094            | 3,500            |
| Motor Vehicles - at Cost       | 92,815           | 51,815           |
| Less Prov'n for Depreciation   | <u>12,994</u>    | <u>4,860</u>     |
|                                | 79,821           | 46,955           |
| Furniture & Fittings - at Cost | -                | 46,895           |
| Less Prov'n for Depreciation   | -                | <u>22,715</u>    |
|                                | -                | <u>24,180</u>    |
|                                | <u>\$ 82,915</u> | <u>\$ 74,635</u> |

**NOTE 7 - Current**

|                  |                   |                   |
|------------------|-------------------|-------------------|
| Credit Cards     | 28,611            | 16,203            |
| Trade Creditors  | 165,532           | 108,976           |
| Accrued Expenses | <u>30,564</u>     | <u>45,976</u>     |
|                  | <u>\$ 224,707</u> | <u>\$ 171,155</u> |

**NOTE 8 - Current**

|                          |      |                   |
|--------------------------|------|-------------------|
| Provision for Income Tax | \$ - | <u>\$ 107,469</u> |
|--------------------------|------|-------------------|

**NOTE 9 - Contingent Liability**

The company has given a bank guarantee of A\$38,258 to a bank in respect of its office lease, secured by a bank term deposit.

**NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD**  
**A.C.N 104 838 440**  
**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2014**

|   | 2014            | 2013             |
|---|-----------------|------------------|
|   |                 | \$               |
| <b>Cashflows from Operating Activities:</b>                 |                 |                  |
| Receipts from Customers                                     | 8,361,236       | 10,153,518       |
| Payments to Suppliers & Employees                           | -7,563,858      | -8,510,647       |
| Interest Received   | 18,903          | 26,463           |
| Interest Paid   | -5,392          | -15,053          |
| <b>Net Cash Provided by Operating Activities(per Note):</b> | <u>810,889</u>  | <u>1,654,281</u> |
| <b>Cashflows to Investing Activities:</b>                   |                 |                  |
| Payments for Cars & Equipment                               | -43,554         | -53,600          |
| Proceeds of Disposals of Furniture                          | <u>5,000</u>    | <u>-</u>         |
|   | -38,554         | -53,600          |
| <b>Cashflows from Financing Activities</b>                  |                 |                  |
| Loan from Director  | -               | -139,269         |
| Loan to Holding Company                                     |                 | -                |
| Dividends Paid  | <u>-856,078</u> | <u>-833,333</u>  |
|   | -856,078        | -972,602         |
| <b>Net Increase in Cash</b>                                 | <u>-83,743</u>  | <u>628,079</u>   |
| <b>Cash at the beginning of the financial year</b>          | 1,038,536       | 410,457          |
| <b>Cash at the end of the Financial year:</b>               |                 |                  |
| Petty Cash  | 1,014           | 151              |
| Main account  | 123,150         | 81,934           |
| Bank Guarantee  | 38,258          | 57,512           |
| Term Deposit  | 20,120          |                  |
| Business account  | <u>772,251</u>  | <u>898,939</u>   |
| <b>Cash at the end of the financial year</b>                | <u>954,793</u>  | <u>1,038,536</u> |

**Note to the Statement of Cashflows**

**Reconciliation of Net Cash provided by Operating Activities to Profit for the financial year:**

|  | \$             | \$               |
|--|----------------|------------------|
| Profit after Income Tax                          | 763,839        | 1,309,883        |
| Depreciation & Amortisation                      | 30,274         | 15,922           |
| Increase in Inventory                            | -165,717       | 334,206          |
| Increase in Trade Creditors & Accruals           | 53,552         | -108,070         |
| Decrease in Taxes Payable                        | -274,675       | -133,756         |
| Decrease in Trade Debtors & Prepayments          | 403,616        | 236,096          |
| <b>Net Cash provided by Operating Activities</b> | <u>810,889</u> | <u>1,654,281</u> |