

**COMPANY REGISTRATION NUMBER 05370591**

**PIRAMAL HEALTHCARE UK LTD**  
**ANNUAL REPORT**  
**31 DECEMBER 2011**

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**PIRAMAL HEALTHCARE UK LTD**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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## **PIRAMAL HEALTHCARE UK LTD**

### **THE DIRECTORS' REPORT**

#### **YEAR ENDED 31 DECEMBER 2011**

The directors present their report and the financial statements of the company for the year ended 31 December 2011.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year continued to be that of distribution, manufacturing and packaging of chemical intermediates and finished products for the pharmaceutical industry

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The profit for the year, after taxation, amounted to £1,932,574 (2010 profit £5,195,957) This includes exceptional expenses totalling £612,708 (2010 exceptional credit of £841,067)

Despite a reduction in profit and a small reduction in turnover the Directors consider the business has strengthened in 2011 on account of securing a number of long term manufacturing contracts, which will provide growth in 2013 and beyond Long term bank debt has also been substantially reduced in the year, out of operating cashflow

#### **RESULTS AND DIVIDENDS**

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements

The directors have not recommended a dividend

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors make use of the parent company's risk management team to monitor and where possible mitigate the risks faced by the business This includes credit risk, foreign exchange risk and interest rate risks Foreign exchange risks are managed by utilising forward currency contracts, notably between the US dollar and sterling The company has interest rate exposure on its long term debt and is mitigating this by paying down large proportions when LIBOR is at a low level

#### **DIRECTORS**

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

Mr A Piramal  
Mr N Santhanam (resigned 31<sup>st</sup> December 2011)  
Mr A Walker  
Ms N Piramal

After the year end Mr Rajesh Laddha was appointed as a director on 1<sup>st</sup> January 2012

The company is a wholly owned subsidiary of Piramal Life Sciences (UK) Limited, a company incorporated in England.

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employee

## **PIRAMAL HEALTHCARE UK LTD**

### **THE DIRECTORS' REPORT *(continued)***

**YEAR ENDED 31 DECEMBER 2011**

#### **EMPLOYEE CONSULTATIONS**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. The employees (or their representatives) are consulted regularly on a wide range of matters affecting their current and future interests.

#### **SUPPLIER PAYMENT POLICY**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The maximum time period the company took to pay its suppliers in the year to 31 December 2011 was 90 days (2010 – 90 days).

#### **RESEARCH AND DEVELOPMENT**

The Company is committed to a program of continued improvement of the existing product range.

#### **AUDITOR**

KNAV UK Limited is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office  
Piramal Healthcare UK Ltd  
Whalton Road  
Morpeth  
Northumberland  
NE61 3YA

Signed on behalf of the directors



MR A WALKER  
Director

Approved by the directors on **23 April 2012**

## **PIRAMAL HEALTHCARE UK LTD**

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

#### **YEAR ENDED 31 DECEMBER 2011**

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 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

In so far as the directors are aware

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

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## **PIRAMAL HEALTHCARE UK LTD**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIRAMAL HEALTHCARE UK LTD YEAR ENDED 31 DECEMBER 2011**

We have audited the financial statements of Piramal Healthcare UK Limited for the year ended 31 December 2011 on pages 6 to 23. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

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

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 31 December 2011 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

**PIRAMAL HEALTHCARE UK LTD**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PIRAMAL HEALTHCARE UK LTD  
YEAR ENDED 31 DECEMBER 2011**

**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

*KNAV UK Ltd*

**Amanjit Singh (senior statutory auditor)**  
For and on behalf of KNAV UK Limited  
Chartered Accountants and Statutory Auditor

Kajane House  
57-67 High Street  
Edgware  
Middlesex  
HA8 7DD

*23rd April 2012*

**PIRAMAL HEALTHCARE UK LTD****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2011**

	Note	Year to 31 Dec 11 £	Year to 31 Dec 10 £
<b>TURNOVER</b>	<b>2</b>	<b>57,765,871</b>	60,260,951
Cost of sales		<u>24,246,073</u>	<u>24,356,595</u>
<b>GROSS PROFIT</b>		<b>33,519,798</b>	35,904,356
Distribution costs		363,340	603,889
Administrative expenses – normal		30,717,721	31,003,182
– exceptional	8	<u>612,708</u>	<u>(841,067)</u>
		<b>31,330,429</b>	30,162,115
<b>OPERATING PROFIT</b>	<b>4</b>	<b>1,826,029</b>	5,138,352
Profit on disposal of fixed assets	3	349,949	-
Interest payable and similar charges	7	357,984	31,715
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,817,994</b>	5,106,637
Tax on profit on ordinary activities	9	114,580	89,320
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>1,932,574</u></b>	<u>5,195,957</u>

All of the activities of the company are classed as continuing

The notes on page 9 to 23 form part of these financial statements.



**PIRAMAL HEALTHCARE UK LTD**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2011**

	Note	Year to 31 Dec 11 £	Year to 31 Dec 10 £
Profit for the financial year attributable to the shareholders		<u>1,932,574</u>	<u>5,195,957</u>
Total actuarial (losses) / gains	26	<u>(1,197,000)</u>	<u>2,552,000</u>
Change in irrecoverable surplus (effect of limit in paragraph 41 FRS19).	26	<u>(25,000)</u>	<u>(5,410,000)</u>
		<u>(1,222,000)</u>	<u>(2,858,000)</u>
<b>Total gains and losses recognised relating to the year</b>		<u><b>710,574</b></u>	<u><b>2,337,957</b></u>

The notes on page 9 to 23 form part of these financial statements.

## PIRAMAL HEALTHCARE UK LTD

## BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Intangible assets	10	1,191,726	1,998,048
Tangible assets	11	16,092,694	15,429,844
Investments	12	-	-
		<u>17,284,420</u>	<u>17,427,892</u>
<b>CURRENT ASSETS</b>			
Stock	13	14,070,198	12,153,159
Debtors due within one year	14	11,412,361	14,379,124
Debtors due after more than one year	14	-	8,526,509
Deferred Tax asset	9	6,236,294	6,236,294
Cash at bank and in hand		599	253
		<u>31,719,452</u>	<u>41,295,339</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>20,538,420</u>	<u>19,788,054</u>
<b>NET CURRENT ASSETS</b>		<u>11,181,032</u>	<u>21,507,285</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,465,452</u>	<u>38,935,177</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<u>8,250,000</u>	<u>19,603,141</u>
		<u>20,215,452</u>	<u>19,332,036</u>
<b>PROVISIONS FOR LIABILITIES</b>	18	-	49,580
		<u>20,215,452</u>	<u>19,282,456</u>
<b>PENSION ASSET</b>	26	<u>505,499</u>	<u>727,920</u>
		<u>20,720,951</u>	<u>20,010,376</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	21	17,672,501	17,672,501
Profit and loss account	22	<u>3,048,450</u>	<u>2,337,875</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	23	<u>20,720,951</u>	<u>20,010,376</u>

These financial statements were approved by the directors on the 23 April 2012 and are signed on their behalf by



MR A WALKER

COMPANY REGISTRATION NUMBER : 0537059

The notes on page 9 to 23 form part of these financial statements.

# PIRAMAL HEALTHCARE UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2011

#### 1. ACCOUNTING POLICIES

##### **Basis of accounting**

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

##### **Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the non-EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The accounts therefore present information about the company as an individual undertaking and not about its group.

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary and its ultimate parent, Piramal Healthcare Limited (see note 25) publishes a consolidated cash flow statement.

##### **Turnover**

The turnover shown in the profit and loss account represents income recognised during the year, exclusive of Value Added Tax, in line with the company's revenue policy to recognise revenue at the point where title of the goods passes

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

Research and development expenditure is written off in the year in which it is incurred

##### **Intangible fixed assets and amortisation**

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be reliably measured on initial recognition. Intangible assets are amortised on a straight line basis over their estimated useful economic lives. The directors have estimated the useful economic life as 15 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Fixed assets**

All fixed assets are initially recorded at cost

##### **Depreciation**

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

Buildings	- Straight Line 10 years and 33 years
Plant, machinery and equipment	- Straight Line 10 years and 12 years
Motor vehicles	- Straight Line 4 years

Land and assets in the course of construction are not depreciated. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**PIRAMAL HEALTHCARE UK LTD****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2011****1. ACCOUNTING POLICIES (*continued*)****Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**Operating lease agreements**

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

**Environmental liabilities**

The company is exposed to environmental liabilities relating to operations, principally in respect of soil and groundwater remediation costs. Provisions for these costs are made when expenditure on remedial work is probable and the cost can be estimated within a reasonable range of possible outcomes.

**Pension costs**

The company operates both Defined Benefit and Defined Contribution schemes. The assets of the schemes are held separately from those of the Company. In the case of defined benefit schemes, assets are measured using market values. Liabilities are measured using a project unit method and discounted at the current rate of return of high quality corporate bond of equivalent term and currency. Costs and liabilities are assessed in accordance with the advice of independent qualified actuaries. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses. In the case of Defined Contribution schemes, the amount charged to profit and loss account represents the contributions payable to the scheme in the period.

**Deferred taxation**

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at forward rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

# PIRAMAL HEALTHCARE UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2011

#### Government Grants

Government grants on capital expenditure are credited to a deferred account and are released to profit and loss account over the expected useful lives of the relevant assets once it is put to use

Grants of a revenue nature are credited to profit and loss account in the period to which they relate

#### Provisions

Provisions are recognised when a present obligation exists as a result of a past event, if it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

## 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
United Kingdom	8,031,109	7,561,239
Europe	22,912,449	21,002,737
Rest of World	26,822,313	31,696,975
	<u>57,765,871</u>	<u>60,260,951</u>

## 3. PROFIT ON DISPOSAL OF FIXED ASSETS

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
Profit on disposal of tangible fixed assets	360,110	-
Loss on disposal of intangible fixed assets	(10,161)	-
	<u>349,949</u>	<u>-</u>

**PIRAMAL HEALTHCARE UK LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**4. OPERATING PROFIT**

Operating profit is stated after charging/ (crediting)

	<b>Year to 31 Dec 11 £</b>	<b>Year to 31 Dec 10 £</b>
Depreciation of owned fixed assets	<b>1,018,291</b>	837,173
Amortisation of intangibles	<b>131,736</b>	159,844
Auditor's remuneration		
- as auditor	<b>65,225</b>	64,250
Hire of plant and machinery	<b>46,815</b>	78,563
Operating lease rentals		
- land and buildings	<b>214,548</b>	214,862
- plant and machinery	<b>219,855</b>	223,428
Exceptional items (note 8)	<b>612,708</b>	(841,067)
Net gain on foreign currency translation	<b>(146,454)</b>	(109,870)

**5. PARTICULARS OF EMPLOYEES**

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

	<b>Year to 31 Dec 11 No</b>	<b>Year to 31 Dec 10 No</b>
Sales and marketing	<b>5</b>	9
Research and development	<b>2</b>	3
Manufacturing	<b>362</b>	348
Administration	<b>49</b>	46
	<b>418</b>	406

The aggregate payroll costs of the above were

	<b>Year to 31 Dec 11 £</b>	<b>Year to 31 Dec 10 £</b>
Wages and salaries	<b>15,743,351</b>	16,993,182
Social security costs	<b>1,382,903</b>	1,505,688
Other pension costs	<b>1,006,033</b>	831,374
	<b>18,132,287</b>	19,330,244

**PIRAMAL HEALTHCARE UK LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**6. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
Emoluments receivable	216,920	328,393
Pension contributions	14,231	13,171
	<u>231,151</u>	<u>341,564</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
Interest payable on bank overdraft	423,560	83,846
Interest payable to fellow group undertaking	21,424	245,869
Pension finance credit (note 26)	(87,000)	(298,000)
	<u>357,984</u>	<u>31,715</u>

**8. EXCEPTIONAL ITEMS**

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
<b>Exceptional items are as shown below:</b>		
Pension curtailment gain (a)	-	(1,500,000)
Restructuring costs (b)	612,708	658,937
Within administrative expenses	<u>612,708</u>	<u>(841,067)</u>

- (a) During 2010 changes were made to the Defined Benefit pension fund resulting in a reduction in the pension fund liability (note 26)
- (b) During the year, management has instigated procedures to reduce staff numbers voluntarily and through a redundancy process. Similar costs were charged in 2010

The above exceptional items have the following aggregate tax effect:

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
Increase / (decrease) in tax charge	<u>162,306</u>	<u>(184,502)</u>

**PIRAMAL HEALTHCARE UK LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**9. TAXATION ON ORDINARY ACTIVITIES**

(a) Current Tax

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
UK corporation tax on profits of period	–	–
Total current tax	–	–
Deferred Tax		
Current year	84,250	89,320
Prior year	10,110	–
Effect of increased tax rate on opening liability	20,220	–
Total deferred tax	114,580	89,320
Tax on profit on ordinary activities	114,580	89,320

(b) Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax 26.49% (2010 28%) as explained below

	Year to 31 Dec 11 £	Year to 31 Dec 10 £
Profit on ordinary activities before tax	1,819,197	5,677,915
Profit on ordinary activities multiplied by the standard rate of corporation tax 26.49% (2010 – 28%)	481,905	1,589,816
Effects of		
Expenses not deductible for tax purposes	(7,603)	29,697
Capital Allowances less than depreciation	190,745	187,149
Other timing differences	(12,978)	(124,054)
FRS17 adjustment	(308,645)	(509,320)
Utilisation of losses brought forward	(343,424)	(1,173,289)
Current tax charge for the period	–	–



# **PIRAMAL HEALTHCARE UK LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2011**

### **9. TAXATION ON ORDINARY ACTIVITIES *(continued)***

**(c) Factors that may affect future tax charges**

The company has tax losses of £32,738,658 (2010 £33,937,095) carried forward for use against future profits of the same trade, plus non trade loan relationship debits of £859,336 (2010: £984,702) carried forward for use against future non-trading profits and capital losses of £0 (2010 £137,243). Capital allowances have not been claimed on eligible expenditure amounting to £20,235,857 (2010 £18,734,275). The company expects to be able to claim capital allowances in excess of depreciation in future years. Further short term timing differences exist at the year end which amount to £595 (2010 £49,950).

Deferred tax assets have been recognised in respect of the utilisation of tax losses, as the directors consider that it is more likely than not there will be suitable taxable profits arising from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets of £1,891,534 (2010 £3,245,297) have not been recognised as they do not meet the recognition criteria of FRS19.

**(d) Provision for deferred tax asset/(liability) has been made as follows**

	<b>Year to 31 Dec 11 £</b>	<b>Year to 31 Dec 10 £</b>
Unutilised losses carried forward	<b>6,236,294</b>	6,236,294
FRS17 short term timing differences (note 26)	<b>(168,500)</b>	(283,080)
	<b><u>6,067,794</u></b>	<b><u>5,953,214</u></b>

Movement in the deferred tax asset is as follows.

	<b>£</b>
Balance as at 1 January 2011	5,953,214
Movement in the year (note 9(a))	114,580
	<b><u>6,067,794</u></b>

**PIRAMAL HEALTHCARE UK LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**10. INTANGIBLE ASSETS**

**COST**

	<b>£</b>
At 1 January 2011	2,397,660
Disposal	(843,233)
<b>At 31 December 2011</b>	<b><u>1,554,427</u></b>

**AMORTISATION**

At 1 January 2011	399,610
Charge for the year	131,736
Disposal	(168,647)
<b>At 31 December 2011</b>	<b><u>362,699</u></b>

**NET BOOK VALUE**

<b>At 31 December 2011</b>	<b>1,191,726</b>
At 31 December 2010	1,998,048

The intangible asset relates to the purchase of the customer database, distribution agreements and market authorisations for the Haemacel brand, a plasma expander. During the year the market authorisations, distribution agreements for the Non Regulated markets were disposed.

**11. TANGIBLE FIXED ASSETS**

	<b>Land and building £</b>	<b>Plant &amp; Machinery £</b>	<b>Plant &amp; machinery under construction £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>COST</b>					
At 1 January 2011	8,479,545	9,499,748	533,156	25,950	18,538,398
Additions	-	92,713	1,624,204	-	1,716,917
Transfers/ Adjustments	-	1,549,434	(1,549,434)	-	-
Disposals	-	(6,953)	(21,299)	-	(28,251)
<b>At 31 December 2011</b>	<b><u>8,479,545</u></b>	<b><u>11,134,942</u></b>	<b><u>586,627</u></b>	<b><u>25,950</u></b>	<b><u>20,227,064</u></b>
<b>DEPRECIATION</b>					
At 1 January 2011	375,021	2,707,584	-	25,960	3,108,555
Charge for the year	85,330	943,961	-	-	1,029,291
Transfers/ Adjustments	942	(942)	-	-	-
On disposals	-	(3,476)	-	-	(3,476)
<b>At 31 December 2011</b>	<b><u>461,293</u></b>	<b><u>3,647,127</u></b>	<b><u>-</u></b>	<b><u>25,950</u></b>	<b><u>4,134,370</u></b>
<b>NET BOOK VALUE</b>					
<b>At 31 December 2011</b>	<b><u>8,018,252</u></b>	<b><u>7,487,815</u></b>	<b><u>586,627</u></b>	<b><u>-</u></b>	<b><u>16,092,694</u></b>
At 31 December 2010	8,092,582	6,804,108	533,156	-	15,429,844

**PIRAMAL HEALTHCARE UK LTD**  
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**12. INVESTMENTS**

**Unquoted Investments**

	<b>£</b>
<b>COST</b>	
At 1 January 2011 and 31 December 2011	<u><b>1,500,002</b></u>
<b>PROVISIONS</b>	
At 1 January 2011 and 31 December 2011	<u><b>1,500,002</b></u>
<b>NET BOOK VALUE</b>	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u>-</u>

The company owns 100% of the issued share capital of the following UK registered companies

<b>Company Name</b>	<b>Nature of the Business</b>
Piramal Healthcare Pension Trustees Limited	Dormant
Piramal Healthcare (France) Limited	Marketing/Sales agents

**13. STOCK**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Raw materials	<b>7,605,210</b>	6,953,644
Work in progress	<b>5,893,094</b>	4,673,255
Finished goods	<b>571,894</b>	526,260
	<u><b>14,070,198</b></u>	<u><b>12,153,159</b></u>

**PIRAMAL HEALTHCARE UK LTD****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2011****14. DEBTORS**

	2011 £	2010 £
Due within one year		
Trade debtors	8,255,618	12,203,767
Amounts owed by fellow group undertakings	943,302	422,295
Other debtors and prepayments	1,632,566	1,753,062
	<u>10,831,486</u>	<u>14,379,124</u>
Due after more than one year		
Loan to fellow group undertakings	-	8,526,509
	<u>-</u>	<u>8,526,509</u>

**15. CREDITORS: Amounts falling due within one year**

	2011 £	2010 £
Bank overdrafts (a)	2,114,071	1,553,069
Current instalments on bank loan (note 17)	4,333,330	4,333,333
Trade creditors	3,399,070	2,555,378
Amounts owed to group ultimate parent undertaking	1,350,753	905,707
Amounts owed to fellow group undertakings	2,403,876	2,178,419
Other creditors including taxation and social security		
PAYE and social security	316,466	447,269
VAT	576,397	752,397
	<u>892,863</u>	<u>1,199,666</u>
Accruals and deferred income	5,463,582	7,062,482
	<u>19,957,545</u>	<u>19,788,054</u>

(a) Bank overdraft of £2,114,071 (2010 - £1,553,069) is secured by fixed and floating charges over the freehold and leasehold property and all other assets owned by the company.

**PIRAMAL HEALTHCARE UK LTD****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2011****16. CREDITORS: Amounts falling due after more than one year**

	2011	2010
	£	£
Bank loan (note 17)	8,250,000	12,583,333
Loan from intermediate parent undertaking	-	7,019,808
	<u>8,250 000</u>	<u>19,603,141</u>

**17. LOANS**

The bank loan of £12,583,333 (2010 £16,916,667) is secured by fixed and floating charges over the freehold and leasehold property and all other assets owned by the company, and is repayable by 31 December 2014. The loan bears interest at 1.60% over LIBOR.

Amounts falling due:	2011	2010
	£	£
Within 1 year (note 15)	4,333,330	4,333,333
Between 1 and 2 years	4,333,330	4,333,333
Between 2 and 5 years	3,916,670	8,250,001
	<u>12,583,330</u>	<u>16,916,667</u>

**18. PROVISIONS FOR LIABILITIES**

	2011
	£
<b>Building demolition provision</b>	
Balance brought forward	20,000
Overprovision released to profit and loss	<u>(20,000)</u>
Balance carried forward	<u>-</u>
<b>Restructuring Cost Provision</b>	
Balance brought forward	29,580
Amount paid during the year	<u>(25,572)</u>
Overprovision released to profit and loss	<u>(4,008)</u>
Balance carried forward	<u>-</u>
<b>Provisions at 31 December 2011</b>	<u>-</u>
Provisions at 31 December 2010	<u>49,580</u>

**PIRAMAL HEALTHCARE UK LTD**  
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**19. CONTINGENCIES**

At the balance sheet date the following contingent liabilities existed

Guarantee by the bank in favour of H M Customs & Excise for £300,000 (2010 £300,000)

**20. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption allowed by Financial Reporting Standard No 8 "Related party disclosures", not to disclose any transactions with group companies on the basis that it is a wholly owned subsidiary. Any amounts due to and from related undertakings have been disclosed. There are no other related party transactions

**21. SHARE CAPITAL**

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	<u>17,672,501</u>	<u>17,672,501</u>	<u>17,672,501</u>	<u>17,672,501</u>

**22. PROFIT AND LOSS ACCOUNT**

	2011	2010
	£	£
Balance at 1 January	2,337,875	(82)
Profit for the Financial Year	1,932,574	5,195,957
Statement of total recognised gains and losses	<u>(1,222,000)</u>	<u>(2,858,000)</u>
Balance as at 31 December	<u>3,048,449</u>	<u>2,337,875</u>

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011	2010
	£	£
Profit for the Financial Year	1,932,574	5,195,957
Statement of total recognised gains and losses	<u>(1,220,000)</u>	<u>(2,858,000)</u>
Total Gains & Losses Recognised	710,574	2,337,957
Opening Shareholders' funds	<u>20,010,376</u>	<u>17,672,419</u>
Closing Shareholders' funds	<u>20,720,950</u>	<u>20,010,376</u>

**PIRAMAL HEALTHCARE UK LTD**  
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**24. COMMITMENTS**

(a) At 31 December 2011 the company had annual commitments under non cancellable operating leases as follows

Operating Leases Expiring	2011		2010	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Within 1 year	-	16,707	26,680	39,681
Between 2 – 5 years	43,000	134,117	43,000	73,205
Greater than 5 years	146,548	-	144,868	106,968
	<u>189,545</u>	<u>150,823</u>	<u>214,548</u>	<u>219,854</u>

(b) The Company has capital commitments, contracted for but not provided, of £1,378,255 as at 31 December 2011 (2010 £817,560)

**25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is Piramal Life Sciences (UK) Limited which is incorporated in the United Kingdom

The ultimate parent undertaking is Piramal Healthcare Limited, a company incorporated in India

The smallest and the largest group for which consolidated financial statements are publicly available, is that group headed by the ultimate parent undertaking, Piramal Healthcare Limited. Copies of these accounts can be obtained from Piramal Healthcare Limited, 247 Business Park, A-Wing, 6<sup>th</sup> Floor, LBS Marg, Vikhroli (West), Mumbai, Maharashtra 400 083, India

There is no overall controlling party

**26. PENSIONS**

Piramal Healthcare UK Limited sponsors a defined benefit retirement plan. The plan also has a defined contribution section where the level of company contribution is fixed at a set level or percentage of employees pay. In the defined benefit section, the benefits are based on employees' years of service and final remuneration. The plan is funded through a separate trustee-administered fund. The pension cost for the main defined benefit plans is established in accordance with the advice of independent qualified actuaries.

The contribution rate currently payable by the employer is 23% of pensionable salaries plus defined contributions payable to members of the Fund. The latest formal funding valuation of the Fund was carried out with the effective date of 31 December 2008. The information provided below on the pension scheme has been provided by Hewitt Associates, a firm of independent actuaries in their report of the scheme dated 27 January 2012.

The company accounts for pension costs in accordance with FRS 17 'Retirement benefits'.

**PIRAMAL HEALTHCARE UK LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. PENSIONS (continued)**

Major assumptions	31 Dec 11	31 Dec 10
Rate of general increase in salaries	1.15%	1.15%
Rate of increase to pensions in payment	3.0%	3.3%
Discount rate for plan liabilities	4.8%	5.3%
CPI Inflation	2.2%	2.6%
RPI Inflation	3.1%	3.5%

The assets in the schemes and the expected rate of return were

	Long term rate of return expected 31 Dec 11	Value as at 31 Dec 11 £ million	Long term rate of return expected 31 Dec 10	Value as at 31 Dec 10 £ million
Equities	8.00%	11.16	8.00%	12.29
Government bonds (index-linked)	2.55%	0.02	4.00%	0.01
Corporate bonds	4.30%	30.11	5.00%	30.74
Property	7.00%	1.04	7.70%	0.97
Diversified Growth Fund	6.80%	4.40	-	-
Other	2.80%	0.11	1.50%	0.15
Market value of asset		46.84		44.16
Present value of scheme liabilities		(40.73)		(37.74)
Surplus in Fund		6.11		6.42
Unrecognised asset due to limit in para 41		(5.44)		(5.41)
Gross Pension Asset		0.67		1.01
Related deferred tax liability		(0.17)		(0.28)
Net Pension Asset		0.50		0.73

**Movement of surplus during the period:**

	31 Dec 11 £million
Opening Surplus	6.4
Current service cost	(0.1)
Company contributions	1.0
Actuarial loss	(1.2)
Surplus at period end	6.1



**PIRAMAL HEALTHCARE UK LTD**  
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**26. PENSIONS (continued)**

**Analysis of amounts charged to operating profit:**

	<b>Year to 31 Dec 11 £million</b>	<b>Year to 31 Dec 10 £million</b>
Current service cost	0.1	0.2
	<u>0.1</u>	<u>0.2</u>

**Analysis of amounts included in other financing charge/(credit):**

	<b>31 Dec 11 £million</b>	<b>31 Dec 10 £million</b>
Interest cost	2.0	2.1
Expected return on asset	(2.1)	(2.4)
	<u>(0.1)</u>	<u>(0.3)</u>

**Analysis of amounts included in exceptional items**

	<b>31 Dec 11 £million</b>	<b>31 Dec 10 £million</b>
Curtailment gain	-	(1.5)
	<u>-</u>	<u>(1.5)</u>

**Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)**

	<b>31 Dec 11 £million</b>	<b>31 Dec 10 £million</b>
Actual return less expected return on pension scheme assets	(1.2)	2.5
Change in irrecoverable surplus, effect of limit in para 41	-	(5.4)
	<u>(1.2)</u>	<u>(2.9)</u>

Piramal Healthcare UK Ltd employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected rate for each asset class over the asset allocation for the Fund.