

Bolt Equity Limited

Annual report and financial statements

**For the year ended
30 June 2012**

Registered Number 07151408

TUESDAY



A221OWFI

A24

12/02/2013

#30

COMPANIES HOUSE

Directors

R de Souza
J Grover
P Southwell
P Bulmer
T Karlsson

Registered Office

Bampton Road
Harold Hill
Romford
Essex
RM3 8UG

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

HSBC PLC
60 Queen Victoria Street
London
EC4N 4TR

Directors' report

The Directors present their Report on the affairs of the Group together with the audited consolidated financial statements and auditors report for the year ending 30 June 2012

Principal activities and business review

The Group's business is the manufacture and sale of pharmaceutical products to hospitals, retail pharmacies and wholesalers in the UK and overseas. The Group trades as "Martindale Pharma". The Group operates in a challenging economic and regulatory environment with continued challenges for healthcare providers, retailers, wholesalers and manufacturers. The business continues to be responsive and adaptable to healthcare market needs and actively seeks new product and service solutions and business development opportunities.

In the UK the year saw the public spending environment increasingly hostile to medicines, encroaching into certain areas of the product portfolio, for example in the addiction area where funding is being shifted from drugs into broader recovery programmes. A real time decrease in National Health Service ('NHS') funding impacts drug pricing to hospitals with contracts being reviewed more frequently, increased pressures on reducing the prescribing of unlicensed medicines and a focus on price rather than quality and service encouraged. The proposed reorganisation within the NHS from Primary Care Organisations to Clinical Commissioning Groups, scheduled for 2013 has meant many drug prescribing policy decisions have been delayed or there is no structure to roll them through. Similarly in Europe and Australia, healthcare markets face continued downward pressure on budgets, not only from the economic environment, but also the changing demographic of an ageing population. Other, particularly emerging, markets continue to seek low cost, high quality generic products, but are constrained by limited funding and growing populations.

Despite these challenges the business has grown its turnover, mainly driven by growth in international markets. The business has achieved some market share growth in key UK markets and has had several product launches in the year of own manufactured and in-licensed products. Following the repositioning of the business in 2011 it is now a more focused and responsive player in its core markets. As part of its repositioning, the business has strengthened its structure and has invested in its Quality and Sales and Marketing activities. The business has also embarked on a project to introduce a new enterprise resource planning system, the costs of which have been treated as exceptional and are disclosed separately. Operating profit was £10.4 million (extended period 2011 £11.4 million) and before exceptional items was £13.0 million (extended period 2011 £19.8 million).

On 1 August 2011 the Group disposed of the entire share capital of Martindale Pharma GmbH for a gross consideration of £5.6 million. The profit on disposal recognised in the year ended 30 June 2012 was £174,000.

On 3 October 2011 and 2 April 2012, through its wholly owned subsidiary, Nut Bond Limited, the Group issued £1,513,016 and £1,605,159 Fixed Rate Unsecured PIK Loan Notes respectively as payment in lieu of cash interest accrued to certain holders of the Loan Notes. These Loan Notes were subsequently admitted to the Official List of the Channel Islands Stock Exchange.

As part of a Group simplification on 12 June 2012 Macarthy Limited, Martindale Pharma (Holdings 1) Limited and Bolt Mezzanine Limited each undertook a capital reduction. Furthermore Macarthy Limited cancelled all of the 6% "B" cumulative preference shares and the 5.5% "B" cumulative preference shares for nil consideration and Martindale Pharma (Holdings 1) Limited cancelled all of the redeemable preference shares for nil consideration.

Directors' report (continued)

The Group monitors a number of key financial and non-financial performance indicators including turnover, earnings before interest, tax and depreciation and amortisation (EBITDA), cash flows, staff numbers, quality matters, customer complaints, and health and safety performance through an executive management committee process

Note that the comparative results are for the extended period from incorporation on 9 February 2010 to 30 June 2011. The turnover for the financial year ended 30 June 2012 was £68.9 million (2011: £82.2 million) and the EBITDA before exceptional items was £18.9 million (2011: £26.8 million). The results for the period are set out on page 9.

Results and dividends

The consolidated profit for the financial year amounted to £267,000 (2011: loss of £2,778,000). No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2011: £nil).

Principal risks and uncertainties facing the Company

As the Company has no trade, but acts as a holding company, the Directors consider the principal risk is that of the performance of the Company's investments. The Directors of the Company closely monitor the performance of the subsidiary undertakings.

The key risks for the Group are regulatory approvals, failure to develop and introduce new products and exposure to economic conditions and competitor action. The Group operates in the pharmaceutical sector which is highly regulated. The Group has to meet stringent quality requirements in order to maintain its manufacturing licences. Constant monitoring of the supply chain is required to ensure customer satisfaction and maintain trading relationships.

Regulatory requirements are a major factor in determining whether new products can be developed and existing products can be continued. The Group is required to comply with a wide range of regulatory controls over the manufacturing and testing of its products. The Group places high importance on its quality control procedures, both through maintenance of proper systems of control and appropriate qualifications and experience of quality control personnel.

The Group operates in a business sector which continually develops new products. In order to remain competitive the Group must continue to develop innovative products that satisfy customer need. Developing new products is a costly, lengthy and uncertain process and potential products may not be brought to market for a number of reasons, such as failure to receive regulatory approval or competitor actions. Regular internal and market focused reviews are undertaken to ensure such risks are minimised.

The Group is impacted by underlying macro economic events, particularly those that have a direct impact on the National Health Service (NHS) in the UK. Proposed changes to the structure and funding of the NHS are areas that the Group has to adapt to in respect of its commercial practices. The Group's sales and marketing team is sufficiently flexible to change its contact points within the NHS in order to be able to influence the relevant decision makers.

Directors' report (continued)

Financial risk management

The Group undertakes a certain level of sales in foreign currencies, and also sources certain materials from non-UK manufacturers. The Group's risk to foreign exchange rate fluctuations is reviewed on a regular basis. The Group manages its credit risk with the setting of appropriate credit limits and actively monitors its outstanding trade debtor balances.

In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments the Group uses a mixture of short term and long term debt finance. Surplus liquid funds are invested in short term deposits with financial institutions with high credit ratings assigned by international credit rating agencies.

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The risk is managed by the use of fixed interest rate swap contracts.

There is a comprehensive budgeting system in place with an annual budget approved by the Board. Management information systems provide Directors with relevant and timely reports that identify significant deviations from approved plans and include regular re-forecasts for the year, in order to facilitate timely reaction to changes in economic conditions and competitor actions.

Directors' indemnities

The Group maintains liability insurance for its Directors and officers.

Research and development

The Group continues to invest in research and development and the Directors regard investment in this area as a prerequisite for success in the medium to long term future. The cost incurred in the period amounted to £388,000 (2011: £491,000).

Future developments

Prospects for the Group in the UK market in the forthcoming year remain challenging. The Group is a leader in most of the markets that it operates in and continues to seek opportunities to develop its business both in the UK and overseas. The fundamental restructuring that followed the acquisition of the Group's core business in 2010 has resulted in a more focused and responsive organisation better placed to take advantage of opportunities in a rapidly changing environment.

Post balance sheet event

On 2 October 2012 Macarthy Limited, Eldon Laboratories Limited and Martindale Pharma Company Limited were placed into members' voluntary liquidation as part of a group-wide corporate simplification process.

Directors' report (continued)

Directors

The Directors who held office during the year and up to the date of signing the financial statement are given below

R de Souza	
J Grover	
T Engelen	resigned 15 November 2011
P Moxon	resigned 12 April 2012
C Neale	resigned 12 April 2012
P Southwell	appointed 12 April 2012
P Bulmer	appointed 12 April 2012
T Karlsson	appointed 29 May 2012

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). Under the Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the statement of affairs 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 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, and
- 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 proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report (continued)

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal and informal meetings and an internal company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. We encourage the future interest and involvement of our people in the Group's future through reward schemes that are linked to business and individual performance.

Efforts are made to provide as much suitable employment as possible for disabled people. Depending on their skills and abilities employees have the same opportunities for training, career development and promotion as other employees. Wherever possible this includes the retraining and retention of staff who have become disabled during their employment.

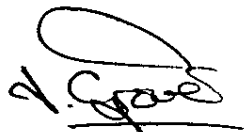
Disclosure of information to the auditors

As at the date of this report, as far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken such steps as he should have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by



J Grover
Director
19 October 2012

Independent auditors' report to the members of Bolt Equity Limited

We have audited the Group and Company financial statements (the "financial statements") of Bolt Equity Limited for the year ended 30 June 2012 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheet, the Consolidated cash flow statement 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).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2012 and of the Group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

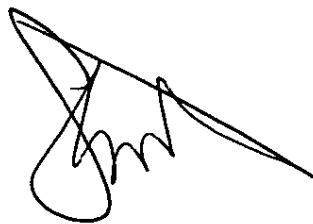
Independent auditors' report

To the members of Bolt Equity 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 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



Stephen Wootten (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoppers LLP
Chartered Accountants and Statutory Auditors
London
19 October 2012

Consolidated profit and loss account **for the year ended 30 June 2012**

	Note	For the year ended 30 June 2012 £000	For the period ended 30 June 2011 £000
Turnover	2	68,570	82,184
Cost of sales		(38,055)	(45,847)
Gross profit		30,515	36,337
Distribution costs		(4,303)	(5,063)
Administrative expenses		(15,858)	(19,843)
Operating profit		10,354	11,431
Operating profit before exceptional items		12,953	19,753
Exceptional items	3	(2,599)	(8,322)
Operating profit after exceptional items		10,354	11,431
Finance charges (net)	4	(8,257)	(9,822)
Profit on ordinary activities before taxation	5	2,097	1,609
Tax on profit on ordinary activities	8	(1,830)	(4,387)
Profit / (loss) for the financial year		267	(2,778)

There is no difference between the profit on ordinary activities before taxation and the profit / (loss) for the financial year as stated above and its historical cost equivalents

All of the Group's operations during the year related to continuing operations

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2012

	For the year ended 30 June 2012 £000	For the period ended 30 June 2011 £000
Profit / (loss) for the financial year	267	(2,778)
Currency translation differences	(162)	162
Total recognised gains / (losses) for the year	105	(2,616)

Consolidated Balance Sheet

as at 30 June 2012

	Note	2012 £000	2011 £000
Fixed assets			
Intangible assets – licences	10	2,177	1,557
Intangible assets – goodwill	11	67,418	73,095
Tangible assets	12	9,854	12,435
		<u>79,449</u>	<u>87,087</u>
Current assets			
Stocks	15	7,841	5,382
Debtors	16	13,111	11,825
Cash at bank and in hand		7,097	8,407
		<u>28,049</u>	<u>25,614</u>
Creditors: amounts falling due within one year	17	<u>(21,966)</u>	<u>(18,182)</u>
Net current assets		<u>6,083</u>	<u>7,432</u>
Total assets less current liabilities		85,532	94,519
Creditors: amounts falling due after one year	18	(83,372)	(92,255)
Provisions for liabilities	19	(1,351)	(1,560)
Net assets		<u>809</u>	<u>704</u>
Capital and reserves			
Called up share capital	20	515	515
Share premium account	21	2,805	2,805
Retranslation reserve	21	-	162
Profit and loss account	21	<u>(2,511)</u>	<u>(2,778)</u>
Total shareholders' funds	22	<u>809</u>	<u>704</u>

The consolidated financial statements on page 9 to 35 were approved by the board of Directors and were signed on its behalf by



J Grover
Director
19 October 2012
Registered number 07151408

Company Balance Sheet
 as at 30 June 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	13	21,784	21,784
		<u>21,784</u>	<u>21,784</u>
Current assets			
Debtors	16	97	101
		<u>97</u>	<u>101</u>
Creditors:			
- amounts falling due within one year	17	(3,653)	(1,982)
		<u>(3,653)</u>	<u>(1,982)</u>
Net current liabilities		<u>(3,556)</u>	<u>(1,881)</u>
Total assets less current liabilities		18,228	19,903
Creditors:			
- amounts falling due after one year	18	(18,541)	(18,541)
		<u>(18,541)</u>	<u>(18,541)</u>
Net (liabilities)/assets		<u>(313)</u>	<u>1,362</u>
Capital and reserves			
Called up share capital	20	515	515
Share premium account	21	2,805	2,805
Profit and loss account	21	(3,633)	(1,958)
		<u>(3,633)</u>	<u>(1,958)</u>
Total shareholders' (deficit)/funds	22	<u>(313)</u>	<u>1,362</u>

The financial statements on page 9 to 35 were approved by the board of Directors and were signed on its behalf by



J Grover
 Director
 19 October 2012
 Registered number 07151408

Consolidated cash flow statement
for the year ended 30 June 2012

		For the year ended 30 June 2012 £000	For the period ended 30 June 2011 £000
	Note		
Net cash inflow from operating activities	23	13,355	20,509
Returns on investments and servicing of finance	24	(2,931)	(3,650)
Taxation	24	(2,240)	(2,518)
Capital expenditure and financial investment	24	(2,903)	(3,338)
Acquisitions and disposals	24	4,204	(99,296)
Cash outflow/(inflow) before management of liquid resources and financing		<u>9,485</u>	<u>(88,293)</u>
Financing	24	<u>(10,846)</u>	<u>96,718</u>
(Decrease) / increase in cash in the year		<u>(1,361)</u>	<u>8,425</u>
Opening cash and cash equivalents		8,407	-
Currency translation differences		<u>51</u>	<u>(18)</u>
Closing cash and cash equivalents		<u>7,097</u>	<u>8,407</u>

Notes to the financial statements for the year ended 30 June 2012

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the provisions of the Companies Act 2006

Basis of preparation

The financial statements are prepared under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The financial statements are prepared on a going concern basis. Figures for 2011 comparative year are for the period 9 February 2010 to 30 June 2011.

Going concern

The Directors consider the Group has adequate resources to remain in operation for the foreseeable future, and have therefore continued to adopt the going concern basis for preparing financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date control passed. Acquisitions are accounted for under the acquisition method. Uniform Accounting policies are applied across the Group and any profits or losses on intra group transactions have been eliminated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, unless settlement has been covered by a forward exchange contract, in which case the contract rate is used.

Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date or at the rate at which they are covered by matching forward exchange contracts. Gains and losses on retranslation are included in the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at costs or valuation, net of depreciation and any provision for impairment. Cost includes the original purchase price of the assets and the cost attributable to bring the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost or valuation, less estimated residual value of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Short leasehold improvements	Period of the lease or an appropriate shorter period
Fixtures, fittings & equipment	
Fixtures, fittings	10-20% on a straight line basis
Computer equipment	20-33% on a straight line basis
Motor vehicles	25% on a straight line basis

Notes to the financial statements for the year ended 30 June 2012

1. Accounting policies (continued)

Intangible fixed assets – goodwill

In accordance with Financial Reporting Standard Number 10 “Goodwill and Intangible Assets”, goodwill relating to the acquisition of businesses is capitalised and amortised in equal annual instalments over its estimated useful life. Goodwill is being amortised over 20 years. The Directors undertake an impairment review in each financial year where events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable in full.

Intangible fixed assets - licences

Licences are valued at cost on acquisition and are amortised in equal annual instalments over their estimated useful economic lives with a maximum life of ten years. Provision is made for any impairment.

Intangible assets – research and development

Expenditure incurred in the research of the new products is written off to the profit and loss account as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is typically up to a maximum of 10 years. Provision is made for any impairment.

Fixed asset investments

Investments in subsidiary undertaking are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of work in progress and finished goods includes an appropriate proportion of attributable overheads. The stock valuation method used is first in, first out. Provision is made for obsolete, slow moving and short dated or defective items where appropriate.

Borrowings

Bank loans, loan notes and overdrafts are stated at the amount repayable at the balance sheet date, net of directly attributable issue costs which are amortised over the period of the relevant loans.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Turnover

Turnover represents cash and credit sales net of value added tax, trade discounts and rebates and is recognised at the point of dispatch of goods to the customer.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes to the financial statements
for the year ended 30 June 2012

1. Accounting policies (continued)

Provisions

A provision is recognised as a liability when the Group has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. The amount provided for is management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The Group recognises dilapidation provisions when property leases have a legal or constructive obligation to reinstate any alteration or to make good dilapidations at the end of the lease, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Dilapidations provisions are not discounted.

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management consider should be disclosed separately to enable a full understanding of Group's results.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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

- i Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- ii Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.
- iii 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 a non-discounted 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.

Pensions

Pension costs in respect of the Group's defined contribution schemes are charged to the profit and loss account as incurred.

Notes to the financial statements for the year ended 30 June 2012

2. Segmental information

The analysis of turnover by destination of geographical market is stated below

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Turnover		
United Kingdom	59,253	66,204
Rest of World	9,317	15,980
	<u>68,570</u>	<u>82,184</u>

The Group operates in a single segment which is the manufacturing and sales of pharmaceutical and controlled drugs

3. Exceptional items

The analysis of exceptional costs/(income) is stated below

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Restructuring costs	656	4,789
Impairment of intangible assets	-	790
Impairment of goodwill	-	2,500
Profit on disposal of subsidiary undertaking (see note 14)	(174)	-
IT system upgrade project	<u>2,117</u>	<u>243</u>
	<u>2,599</u>	<u>8,322</u>

The restructuring costs consist of consultancy fees, interim staff fees and redundancy costs following the decision to restructure the business in 2010/11. Impairment of intangible assets relates to the write down of licences following a review of their commercial value to the business. Impairment of goodwill was made following a review of the value of investment in Martindale Pharma GmbH ahead of its disposal in August 2011 (see note 14). IT system upgrade costs are associated with a project to upgrade the Group's ERP system.

Notes to the financial statements
for the year ended 30 June 2012

4. Finance charges (net)

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Interest payable and similar charges	8,288	9,842
Interest receivable and similar income	(31)	(20)
	<u>8,257</u>	<u>9,822</u>

Interest payable and similar charges

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Bank loans	2,866	4,108
9% Cumulative preference share dividend	1,673	1,897
Unsecured PIK loan notes	3,231	3,241
Amortisation of bank loan fees	518	587
Finance leases	-	9
	<u>8,288</u>	<u>9,842</u>

The Company's preference shares are included in the balance sheet as a liability and accordingly the dividends on them are included as finance charges

Interest receivable and similar income

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Bank interest	<u>31</u>	<u>20</u>

Notes to the financial statements

for the year ended 30 June 2012

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

		Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
	Note		
Depreciation of owned tangible fixed assets	12	2,014	2,401
Amortisation of intangible fixed assets	10	71	136
Impairment of intangible fixed assets	10	106	790
Amortisation of goodwill	11	3,791	4,544
Impairment of goodwill		-	2,500
Auditors' remuneration			
– audit services		150	140
- taxation and other services		85	54
Foreign currency exchange (gains) / losses		(108)	137
Operating lease rentals			
- land and buildings		896	1,042
- plant and machinery		164	161
- car leases		197	288
Research and development		388	491
Amortisation of loan fees		518	587

6. Employee information

The average monthly number of people (including executive Directors) employed by the Group during the period was

	Year ended 30 June 2012 Number	Period ended 30 June 2011 Number
Manufacturing and distribution	388	397
Administration	36	28
	424	425

Notes to the financial statements for the year ended 30 June 2012

6. Employee information (continued)

Their aggregate remuneration comprised

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Wages & salaries	13,248	13,881
Social security costs	1,381	1,411
Other pension costs	322	369
Share based payments	-	16
	<u>14,951</u>	<u>15,677</u>

The Company had no employees during either period

7. Directors' remuneration

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Aggregate emoluments	763	663
Compensation for loss of office	159	45
Company contributions to personal pension schemes	-	19
	<u>922</u>	<u>727</u>

	Year ended 30 June 2012 Number	Period ended 30 June 2011 Number
The number of Directors who Group paid contributions to personal pension or money purchase pension schemes	-	2

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Highest paid director Aggregate emoluments	<u>507</u>	<u>270</u>
	<u>507</u>	<u>270</u>

Details of transactions with directors during the period are disclosed in note 28

Notes to the financial statements

for the year ended 30 June 2012

8. Tax on profit on ordinary activities

a) The tax charge comprises

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
UK corporation tax		
Current year	2,306	3,774
Prior year adjustment	(370)	-
	<u>1,936</u>	<u>3,774</u>
Foreign corporation tax		
Current year	23	295
	<u>1,959</u>	<u>4,069</u>
Deferred taxation – UK		
Origination and reversal of timing differences	(10)	357
Effects of changes in tax rates	(30)	(39)
Prior year adjustment	(89)	-
	<u>(129)</u>	<u>318</u>
Tax on profit of ordinary activities	<u>1,830</u>	<u>4,387</u>

b) The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is as follows -

	Year ended 30 June 2012 £000	Period ended 30 June 2011 £000
Profit on ordinary activities before tax	<u>2,097</u>	<u>1,609</u>
Profit on ordinary activities multiplied by standard rate in the UK of 25.5% (2011: 27.5%)	535	442
Effects of		
Permanent differences	282	289
Timing differences between capital allowances and depreciation	10	357
Goodwill amortisation	967	1,252
Goodwill impairment	-	688
Dividends on preference shares	427	523
Non-deductible interest	148	444
Losses not recognised	-	74
Prior year adjustment	(370)	-
Difference in overseas tax rates	5	-
Profit on disposal non-taxable	(45)	-
Current tax charge for the year	<u>1,959</u>	<u>4,069</u>

Notes to the financial statements for the year ended 30 June 2012

8. Tax on profit on ordinary activities (continued)

c) Factors that may affect future tax charges

A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax from 26% to 24% from 1 April 2012

In addition, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. A further reduction to the main rate is proposed to reduce the rate to 22% from 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

9. Loss attributable to the Company

The loss for the financial period dealt with in the financial statements of the parent Company was £1.7 million (2011: £2.0 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented.

10. Intangible fixed assets – licences and development expenditure Group

	Development expenditure £000	Licences £000	Total £000
Cost			
At 1 July 2011	-	2,483	2,483
Additions	788	9	797
At 30 June 2012	788	2,492	3,280
Accumulated amortisation			
At 1 July 2011	-	926	926
Impairment	-	106	106
Amortisation charge	-	71	71
At 30 June 2012	-	1,103	1,103
Net book value			
At 30 June 2012	788	1,389	2,177
At 30 June 2011	-	1,557	1,557

The additions in the year relate to costs associated with the acquisition of product licences from third parties and costs for new product development.

The company had no intangible fixed assets at 30 June 2012 and at 30 June 2011.

Notes to the financial statements for the year ended 30 June 2012

11. Intangible fixed assets – goodwill Group

	2012 £000
Cost	
At 1 July 2011	80,139
Disposal of subsidiary undertaking	(4,659)
At 30 June 2012	75,480
Accumulated amortisation	
At 1 July 2011	7,044
Amortisation charge	3,791
Disposal of subsidiary undertaking	(2,773)
At 30 June 2012	8,062
Net book value	
At 30 June 2012	67,418
At 30 June 2011	73,095

12. Tangible fixed assets

	Short leasehold Improvements £000	Fixtures fittings & Equipment £000	Total £000
Cost			
At 1 July 2011	5,295	9,541	14,836
Additions	278	1,828	2,106
Disposals	-	(40)	(40)
Disposal of subsidiary undertaking	(1,322)	(1,458)	(2,780)
Foreign exchange adjustment	(22)	(24)	(46)
At 30 June 2012	4,229	9,847	14,076
Accumulated depreciation			
At 1 July 2011	707	1,694	2,401
Charge for the year	894	1,120	2,014
Disposal of subsidiary undertaking	(81)	(112)	(193)
At 30 June 2012	1,520	2,702	4,222
Net book value			
At 30 June 2012	2,709	7,145	9,854
At 30 June 2011	4,588	7,847	12,435

The Company had no tangible fixed assets at 30 June 2012 and at 30 June 2011

Notes to the financial statements for the year ended 30 June 2012

13. Investments

Company

Investments in subsidiary undertakings

	2012 £000	2011 £000
Investments at cost	21,784	21,784

At 30 June 2012, the Company held the whole of the issued share capital either directly or indirectly of the following subsidiaries which are incorporated in England and Wales

	Principal Activity	Number and value of share capital held
Nut Bond Limited	Holding company	21,688,018 £1 ordinary shares
Bolt Mezzanine Limited *	Holding company	21,688,018 10p ordinary shares
Martindale Pharma (Holdings 1) Limited *	Holding company	100,000 1p ordinary shares
Macarthy Limited *	Holding company	100,000 1p ordinary shares
Macarthys Laboratories Limited *	Pharmaceutical manufacturing	3,501,000 £1 ordinary shares
Martindale Pharmaceuticals Limited*	Holding company	100 £1 ordinary shares
Aurum Pharmaceuticals Limited*	Dormant	100 £1 ordinary shares
Eldon Laboratories Limited*	Dormant	3,000 £1 ordinary shares
Martindale Pharma Company Limited *	Dormant	1 £1 ordinary shares

* Held by subsidiary undertaking

In the opinion of the Directors the value of the above investments are at least equal to the amounts at which they are stated in the balance sheet

On 1 August 2011 the whole of the share capital of Martindale Pharma GmbH was disposed of to a third party for cash

In its financial year to 30 June 2011, Martindale Pharma GmbH made turnover of £5,957,000 and profit before taxation of £823,000. From 1 July 2011 until disposal Martindale Pharma GmbH made turnover of £623,000 and profit before taxation of £71,000.

Notes to the financial statements for the year ended 30 June 2012

13. Investments (continued)

As part of a Group simplification on 12 June 2012 Macarthy Limited, Martindale Pharma (Holdings 1) Limited and Bolt Mezzanine Limited all undertook a capital reduction. Furthermore Macarthy Limited cancelled all of the 6% "B" cumulative preference shares and the 5.5% "B" cumulative preference shares for nil consideration and Martindale Pharma (Holdings 1) Limited cancelled all of the redeemable preference shares for nil consideration.

On 2 October 2012 Macarthy Limited, Eldon Laboratories Limited and Martindale Pharma Company Limited were placed into members' voluntary liquidation as part of a group-wide corporate simplification process."

14. Disposal of subsidiary undertaking

On 1 August 2011 the Group sold its 100% interest in the ordinary share capital of Martindale Pharma GmbH. From 1 July 2011 until disposal Martindale Pharma GmbH made turnover of £623,000 and a profit before taxation of £71,000.

Net assets disposed of and the related sale proceeds were as follows:

	Group 2012 £000
Fixed assets	2,587
Current assets	969
Creditors	(1,200)
Provisions for liabilities	(371)
Related goodwill	1,886
Revaluation reserve	(162)
	<u>3,709</u>
Profit on disposal	174
Net proceeds	<u>3,883</u>
Satisfied by	
Gross cash consideration net of expenses	5,421
Cash and cash equivalents in subsidiary disposed of	(1,217)
Net cash inflow to the Group	<u>4,204</u>
Expenses associated with this disposal	(321)
Net proceeds	<u>3,883</u>

Notes to the financial statements for the year ended 30 June 2012

15. Stocks

	Group 2012 £000	Group 2011 £000
Raw materials and consumables	1,737	1,730
Work in progress	278	420
Finished goods and goods for resale	5,826	3,232
	<u>7,841</u>	<u>5,382</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

16. Debtors:

	Group 2012 £000	2011 £000	Company 2012 £000	2011 £000
Trade debtors	12,077	10,316	-	-
Amounts owed by Group undertakings	-	-	97	101
Other debtors	93	103	-	-
Prepayments and accrued income	941	1,406	-	-
	<u>13,111</u>	<u>11,825</u>	<u>97</u>	<u>101</u>

Amounts owed by Group undertakings are interest free, repayable on demand and unsecured

17. Creditors: amount falling due within one year

	Group 2012 £000	2011 £000	Company 2012 £000	2011 £000
Bank loans	5,935	4,631	-	-
Obligations under finance leases	-	53	-	-
Trade creditors	4,137	3,390	-	-
Amounts owed to group undertakings	-	-	82	83
Corporation tax	534	1,091	-	-
Other creditors including taxation and social security	2,038	924	-	-
Accruals & deferred income	9,322	8,093	3,571	1,899
	<u>21,966</u>	<u>18,182</u>	<u>3,653</u>	<u>1,982</u>

Amounts owed to group undertakings are not secured, are repayable on demand and do not accrue interest

Notes to the financial statements

for the year ended 30 June 2012

18. Creditors: amounts falling due after one year

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank loans	38,969	51,119	-	-
Unamortised loan fees	(2,233)	(2,753)	-	-
Unsecured PIK loan notes	28,095	24,977	-	-
Obligations under finance leases	-	371	-	-
Cumulative redeemable preference shares	18,541	18,541	18,541	18,541
	<u>83,372</u>	<u>92,255</u>	<u>18,541</u>	<u>18,541</u>

Borrowings are repayable as follows.

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Unsecured PIK loan notes				
After five years	<u>28,095</u>	<u>24,977</u>	<u>-</u>	<u>-</u>
9% Redeemable preference shares				
After five years	<u>18,541</u>	<u>18,541</u>	<u>18,541</u>	<u>18,541</u>
Bank loans				
Between one and two years	6,204	5,935	-	-
Between two and five years	32,765	17,084	-	-
After five years	<u>-</u>	<u>28,100</u>	<u>-</u>	<u>-</u>
	<u>38,969</u>	<u>51,119</u>	<u>-</u>	<u>-</u>
On demand or within one year	<u>5,935</u>	<u>4,631</u>	<u>-</u>	<u>-</u>
	<u>44,904</u>	<u>55,750</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Finance leases				
Between one and two years	-	54	-	-
Between two and five years	-	167	-	-
After five years	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>371</u>	<u>-</u>	<u>-</u>
On demand or within one year	<u>-</u>	<u>53</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>424</u>	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 30 June 2012

18. Creditors: amounts falling due after one year (continued)

Total borrowings including finance leases				
Between one and two years	6,204	5,989	-	-
Between two and five years	32,765	17,251	-	-
After five years	46,636	71,768	18,541	18,541
	85,605	95,008	18,541	18,541
On demand or within one year	5,935	4,684	-	-
	91,540	99,692	18,541	18,541

Bank loans are secured by fixed and floating charges over the assets of the Group. The bank loans are repayable by instalments. The interest rate on the loans is LIBOR plus a margin and is paid quarterly. Interest rate swaps have been entered into that effectively fix a proportion of the interest charge on the bank loans.

18,541,352 cumulative redeemable preference shares of £1.00 each, were issued at par on 12 May 2010 and have a dividend of 9% per annum.

On 3 October 2011 and 2 April 2012, through its wholly owned subsidiary, Nut Bond Limited, the Group issued £1,513,016 and £1,605,159, Fixed Rate Unsecured PIK Loan Notes respectively as payment in lieu of cash interest accrued to certain holders of the Loan Notes. These Loan Notes were subsequently admitted to the Official List of the Channel Islands Stock Exchange. The loan notes are repayable on 30 April 2018. Interest accrues at a rate of 3% per quarter and compounds quarterly if the interest is not paid.

The Group has an undrawn committed borrowing facility available at 30 June 2012 of £0.75 million (2011 £4.5 million), which is at a floating rate and expires in more than two years.

19. Provisions for liabilities Group

	Deferred taxation £000	Onerous contracts £000	Dilapidations £000	Total £000
At 1 July 2011	486	464	610	1,560
Profit and loss account	(129)	-	-	(129)
Utilisation of provision	-	(80)	-	(80)
At 30 June 2012	357	384	610	1,351

Onerous contracts

The onerous contract provisions were established following a review of the product development portfolio in May 2010. It represented the anticipated costs to fulfil the Group's commitments under licence agreements and is expected to be used over a period of 4 years.

Notes to the financial statements for the year ended 30 June 2012

19. Provisions for liabilities (continued)

Dilapidations

The dilapidations provision relates to anticipated costs of restoring the leasehold properties to their original condition at the end of the present leases. The provision will be utilised at the end of the leases if they are not renewed.

Deferred taxation

Deferred taxation is provided as follows

	£000
At 1 July 2011	486
Other short term timing difference	(10)
Effects of change in tax rate	(30)
Prior year adjustment	(89)
At 30 June 2012	357

The amounts provided for deferred taxation and the amounts unprovided are set out below

	2012 Provided £000	Unprovided £000	2011 Provided £000	Unprovided £000
Accelerated capital allowances	403	-	486	-
Short term timing differences	(46)	-	-	-
Chargeable gains rolled over	-	1,248	-	1,353
Losses	-	(52)	-	(56)
At 30 June	357	1,196	486	1,297

The unprovided deferred tax relates primarily to a chargeable gain rolled over into replacement assets.

The Company had £nil (2011: £nil) provisions for liabilities.

20. Called up share capital

Authorised

	Group and Company as at 30 June 2011 and 30 June 2012	
	Number	£
Ordinary shares of £1.00 each	500,000	500,000
Ordinary A shares of £0.01 each	2,833,333	28,333
		528,333

Notes to the financial statements for the year ended 30 June 2012

20. Called up share capital (continued)

Called up, allotted and fully paid

	Group and Company as at 30 June 2011 and 30 June 2012 Number	£
Ordinary shares of £1 00 each	486,655	486,665
Ordinary A shares of £0 01 each	2,833,333	28,333
		<u>514,998</u>

21. Reserves Group

	Share premium account £000	Retrans- lation reserve £000	Profit and loss account £000	Total £000
At 1 July 2011	2,805	162	(2,778)	189
Currency translation differences	-	(162)	-	(162)
Profit for the financial year	-	-	267	267
At 30 June 2012	<u>2,805</u>	<u>-</u>	<u>(2,511)</u>	<u>294</u>

Company

	Share premium account £000	Profit and loss account £000	Total £000
At 1 July 2011	2,805	(1,958)	847
Profit for the financial year	-	(1,675)	(1,675)
At 30 June 2012	<u>2,805</u>	<u>(3,633)</u>	<u>(828)</u>

22. Reconciliation of movements in total shareholders' funds

	Group £000	Company £000
At July 2011	704	1,362
Currency translation differences	(162)	-
Profit / (loss) for the financial year	<u>267</u>	<u>(1,675)</u>
At 30 June 2012	<u>809</u>	<u>(313)</u>

Notes to the financial statements

for the year ended 30 June 2012

23. Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating profit	10,354	11,431
Depreciation, amortisation and impairment	5,982	10,371
Other non-cash items	(134)	-
(Increase) / decrease in stocks	(2,671)	515
Increase in debtors	(2,016)	(2,834)
Increase in creditors	2,379	1,564
Decrease in provisions for liabilities	(539)	(538)
Net cash inflow from operating activities	13,355	20,509

24. Analysis of cash flows

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest received	31	20
Interest paid	(2,962)	(3,663)
Interest element of finance lease	-	(7)
Net cash outflow from returns on investments and servicing of finance	(2,931)	(3,650)
Taxation		
UK corporation tax paid	(2,225)	(2,300)
Foreign tax paid	(15)	(218)
Net cash outflow from taxation	(2,240)	(2,518)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(797)	(1,230)
Purchase of tangible fixed assets	(2,106)	(2,108)
Net cash outflow from capital expenditure and financial investment	(2,903)	(3,338)
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(99,080)
Net overdrafts acquired with subsidiary undertakings	-	(216)
Disposal of subsidiary undertakings	5,421	-
Cash balance in subsidiary undertaking disposed	(1,217)	-
Net cash inflow / (outflow) from acquisitions and disposals	4,204	(99,296)

Notes to the financial statements

for the year ended 30 June 2012

24. Analysis of cash flows (continued)

	2012 £000	2011 £000
Financing		
Issue of ordinary share capital	-	3,320
Issue of preference shares	-	18,541
New bank loans	-	62,500
New PIK loan notes	-	22,500
Repayment of bank loan	(10,846)	(6,750)
Payment of loan fees	-	(3,340)
Capital element of finance lease payments	-	(53)
Net cash (outflow) / inflow from financing	(10,846)	96,718

25. Analysis and reconciliation of net debt

	Cash at bank and in hand £000	Debt due within one year £000	Debt due after one year £000	Finance leases £000	Net debt £000
At 1 July 2011	8,407	(4,631)	(91,884)	(424)	(88,532)
Disposal of subsidiary undertaking	-	-	-	424	424
Repayment of debt	-	4,631	6,215	-	10,846
Maturity adjustment	-	(5,935)	5,935	-	-
PIK loan note issued for non cash consideration	-	-	(3,118)	-	(3,118)
Amortisation of capitalised finance costs	-	-	(518)	-	(518)
Net decrease in cash and cash equivalents	(1,361)	-	-	-	(1,361)
Currency translation differences	51	-	-	-	51
At 30 June 2012	<u>7,097</u>	<u>(5,935)</u>	<u>(83,370)</u>	<u>-</u>	<u>(82,208)</u>

Notes to the financial statements for the year ended 30 June 2012

25. Analysis and reconciliation of net debt (continued)

	2012 £000	2011 £000
Decrease / (increase) in cash in the period	1,361	(8,425)
(Decrease) / increase in debt	(10,846)	93,451
Change in net debt resulting from cash flows	(9,485)	85,026
Amortisation of capitalised loan fees	518	587
PIK loan notes issued for non-cash consideration	3,118	2,477
Capital element of finance lease payments	-	(53)
Finance leases (disposed of) / acquired with subsidiary	(424)	435
Translation difference	(51)	60
Movement in net debt in the period	(6,324)	88,532
Net debt at 30 June 2011	88,532	-
Net debt at 30 June 2012	82,208	88,532

26. Financial instruments

Interest rate swap contracts

Under interest rate swap contracts the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date.

Outstanding receive floating pay fixed contracts	Average Contract fixed Interest rate %	Notional Principal value £000	Fair value £000
At 30 June 2011 1 to 2 years	1.805	42,000	(524)
At 30 June 2012 Within 1 year	1.805	38,000	(343)

Unsecured PIK loan notes

The loan notes are registered on the Channel Island Stock Exchange, they are held but not traded and therefore there is no market for them. The Directors consider that their fair value is par.

Notes to the financial statements for the year ended 30 June 2012

27. Financial commitments

Group

Capital commitments are as follows

	2012 £000	2011 £000
Contracted for but not provided for	682	739

At 30 June 2012 and 2011 the company had £nil capital commitments

At 30 June 2012 the Group has lease agreements in respect of properties, vehicles, plant and equipment, to which the payments extend over a number of years

Annual commitments under non-cancellable operating leases are as follows

Group	Land and buildings 2012 £000	2011 £000	Other assets 2012 £000	2011 £000
Commitments which expire				
Within one year	42	-	27	2
Within two to five years	112	42	289	282
After more than five years	853	853	-	-
	1,007	895	316	284

Company

At 30 June 2012 the Company had £nil (2011 £nil) lease commitments

28. Pension commitments

The Group's current United Kingdom pension arrangements provide for contributions towards personal money purchase pension plans administered by Scottish Widows and Fidelity on behalf of the employees. At the end of the year, contributions of £44,257 (2011 £46,731), representing the unpaid contributions for June 2012, were outstanding and included in the accruals.

29. Related party transactions

Advantage has been taken of the exemption under FRS 8 "Related Party Transactions" with entities that are wholly owned by the Bolt Equity Limited group on the grounds that all the voting rights are controlled by that company.

During the period AAC Capital Partners, an affiliate of the Group's major shareholder, charged the Group a management fee of £45,305 (2011 £67,869), £nil was owed at the year end (2011 £nil). During the year the Group purchased consultancy services in the ordinary course of business from a Director, Mr T Engelen, at a cost of £9,500 (2011 £166,677). Amounts owed by Mr Engelen at the end of the year were nil (2011 £4,878).

In the year 116,666 ordinary shares in the business were sold and purchased by certain Directors and key management.

**Notes to the financial statements
for the year ended 30 June 2012**

30. Contingent liabilities

The Group has guaranteed bank and other borrowings amounting to £91.5 million (2011 £99.7 million)

At the 30 June 2012 the Group had the following additional contingent liabilities

Guarantees and indemnities have been provided to the purchaser of Martindale Pharma GmbH for up to 50% of the equity consideration for a period up to January 2013

Guarantee for duty deferment in favour of HM Customs and Excise for £50,000 with recourse

Various guarantees in favour of The State Company for Marketing Drugs and Medical Appliances, Iraq for US\$66,154 with recourse

Guarantee dated 18 March 2012 in favour of Executive Board Of Health Ministers Council, Saudi Arabia for US\$9,414 with recourse

31. Ultimate parent undertaking

AAC Capital NEBO Feeder II LP, a partnership registered in the United Kingdom, is the Company's ultimate parent and controlling party, and is the parent undertaking of the Group