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REGISTERED NUMBER 03406047 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
FOR
DISHMAN EUROPE LIMITED**

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DISHMAN EUROPE LIMITED (REGISTERED NUMBER 03406047)

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FOR THE YEAR ENDED 31 MARCH 2012**

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DISHMAN EUROPE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS

J R Vyas
Ms A Vyas
Ms L Muller

SECRETARY.

Ms L Muller

REGISTERED OFFICE

Suite 4 De Walden Court
85 New Cavendish Street
London
W1W 6XD

REGISTERED NUMBER

03406047 (England and Wales)

AUDITORS

Munslows LLP
Chartered Certified Accountants
and Statutory Auditors
2nd Floor
New Penderel House
283-288 High Holborn
London
WC1V 7HP

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012**

The directors present their report with the financial statements of the company for the year ended 31 March 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the importation and distribution of chemical and pharmaceutical products

REVIEW OF BUSINESS

Key performance indicators include, but are not limited to, turnover, revenue by market segment, profit before taxation, cash flows and net current assets

The year to 31 March 2012 has been a demanding year in terms of growth with the company with the postponement of planned expenditure by customers resulting in a small reduction in turnover. The company has performed above expectations in these circumstances, maintaining its underlying profitability and growing in certain market segments. In addition, the company has achieved significant reductions in overheads and achieved a good operating profit, and significantly improved its net current asset position.

The postponed expenditure is now being committed, and therefore the directors are confident that the company will achieve growth in both turnover and profitability in the current year.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2012

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report

J R Vyas
Ms A Vyas
Ms L Muller

FINANCIAL INSTRUMENTS

The company uses financial instruments, other than derivatives, comprising, cash liquid resources and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial instruments is to utilise finance in the company's operations.

The main risks arising from the company's financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and factoring balances. The company seeks to manage its cash resources so as to avoid exposure to changes in interest rates.

Liquidity risk

The company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The company does not hedge its foreign currency bank accounts. The company therefore has an exposure risk to translation and transaction foreign exchange risk and takes profit and losses on these as they arise.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

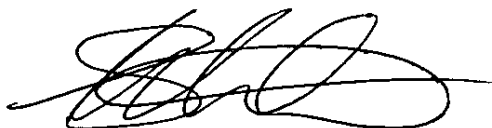
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Munsloes LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



Ms L. Muller - Director

20 April 2012

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DISHMAN EUROPE LIMITED**

We have audited the financial statements of Dishman Europe Limited for the year ended 31 March 2012 on pages five to fifteen. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors 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 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.



Samuel Colin Parsons (Senior Statutory Auditor)
for and on behalf of Munsloes LLP
Chartered Certified Accountants
and Statutory Auditors
2nd Floor
New Penderel House
283-288 High Holborn
London
WC1V 7HP

20 April 2012

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	2011 £
TURNOVER	2	35,603,170	37,843,567
Cost of sales		32,305,191	33,703,021
GROSS PROFIT		3,297,979	4,140,546
Administrative expenses		2,535,359	2,848,891
OPERATING PROFIT	4	762,620	1,291,655
Interest receivable and similar income		70,061	92,523
		832,681	1,384,178
Interest payable and similar charges	5	9,707	40,874
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		822,974	1,343,304
Tax on profit on ordinary activities	6	216,514	379,435
PROFIT FOR THE FINANCIAL YEAR		606,460	963,869

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

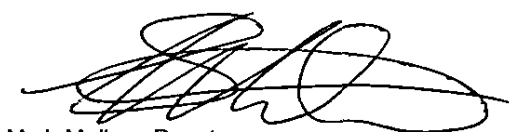
TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

BALANCE SHEET
31 MARCH 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	7	20,664	41,329
Tangible assets	8	17,152	26,037
Investments	9	5,752,736	1,235,542
		<u>5,790,552</u>	<u>1,302,908</u>
CURRENT ASSETS			
Stocks	10	1,550,528	1,173,475
Debtors	11	11,238,921	11,249,728
Cash at bank and in hand		16,082	168,473
		<u>12,805,531</u>	<u>12,591,676</u>
CREDITORS			
Amounts falling due within one year	12	11,426,518	11,641,824
NET CURRENT ASSETS		<u>1,379,013</u>	<u>949,852</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,169,565</u>	<u>2,252,760</u>
CREDITORS			
Amounts falling due after more than one year	13	4,310,345	-
NET ASSETS		<u><u>2,859,220</u></u>	<u><u>2,252,760</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	159,000	159,000
Profit and loss account	18	2,700,220	2,093,760
SHAREHOLDERS' FUNDS	22	<u><u>2,859,220</u></u>	<u><u>2,252,760</u></u>

The financial statements were approved by the Board of Directors on 20 April 2012 and were signed on its behalf by



Ms L. Muller - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Preparation of consolidated financial statements

The financial statements contain information about Dishman Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Dishman Pharmaceuticals and Chemicals Limited, India

Turnover

Turnover represents the net value of goods sold, excluding value added tax. Revenue is recognised on shipment of products.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost and 25% on cost

Stocks

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

Foreign currencies

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Investments

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly-owned subsidiary of Dishman Pharmaceuticals and Chemicals Limited, the financial statements of which are publicly available.

Intellectual Property Rights

Intellectual property rights are included at purchase cost, amortised evenly over their expected period of exploitation which is estimated at 10 years.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2012 £	2011 £
United Kingdom	1,336,681	2,459,855
Europe (EC)	31,434,008	32,845,667
Europe (Non EC)	1,487,559	2,122,806
Asia	639,006	305,156
USA	97,518	-
Other	608,398	110,083
	<u>35,603,170</u>	<u>37,843,567</u>

3 STAFF COSTS

	2012 £	2011 £
Wages and salaries	811,715	777,633
Social security costs	102,872	93,130
Other pension costs	55,010	46,917
	<u>969,597</u>	<u>917,680</u>

The average monthly number of employees during the year was as follows

	2012	2011
Administration	<u>17</u>	<u>17</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Other operating leases	46,500	47,640
Depreciation - owned assets	18,447	20,878
Loss on disposal of fixed assets	809	-
Intellectual property rights amortisation	20,665	20,664
Auditors' remuneration	15,000	14,500
Foreign exchange differences	<u>(95,345)</u>	<u>(116,412)</u>
Directors' remuneration	220,567	204,365
Directors' pension contributions to money purchase schemes	<u>20,052</u>	<u>17,436</u>

Information regarding the highest paid director is as follows

	2012 £	2011 £
Emoluments etc	123,162	111,965
Pension contributions to money purchase schemes	<u>11,196</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Group interest payable	9,707	40,874

6 TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	217,640	272,864
Prior year corporation tax adjustment	(1,126)	-
Group relief of corporation tax provided by group undertakings	-	106,571
	<u>216,514</u>	<u>379,435</u>
Tax on profit on ordinary activities	<u>216,514</u>	<u>379,435</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	822,974	1,343,304
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	213,973	376,125
Effects of		
Expenses not allowable for tax purposes	3,318	2,626
Depreciation in excess of capital allowances	349	684
Adjustment in respect of prior year	(1,126)	-
Current tax charge	<u>216,514</u>	<u>379,435</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

7 INTANGIBLE FIXED ASSETS

	Intellectual property rights £
COST	
At 1 April 2011	
and 31 March 2012	206,644
AMORTISATION	
At 1 April 2011	165,315
Amortisation for year	20,665
At 31 March 2012	185,980
NET BOOK VALUE	
At 31 March 2012	20,664
At 31 March 2011	41,329

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2011	26,786	82,090	108,876
Additions	-	10,565	10,565
Disposals	-	(6,871)	(6,871)
At 31 March 2012	26,786	85,784	112,570
DEPRECIATION			
At 1 April 2011	16,541	66,298	82,839
Charge for year	5,474	12,973	18,447
Eliminated on disposal	-	(5,868)	(5,868)
At 31 March 2012	22,015	73,403	95,418
NET BOOK VALUE			
At 31 March 2012	4,771	12,381	17,152
At 31 March 2011	10,245	15,792	26,037

9 FIXED ASSET INVESTMENTS

	2012 £	2011 £
Shares in group undertakings	4,822,736	305,542
Loans to group undertakings	930,000	930,000
	5,752,736	1,235,542

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

9 FIXED ASSET INVESTMENTS - continued

Additional information is as follows

	Shares in group undertakings £
COST	
At 1 April 2011	305,542
Additions	4,517,194
At 31 March 2012	<u>4,822,736</u>
NET BOOK VALUE	
At 31 March 2012	<u>4,822,736</u>
At 31 March 2011	<u>305,542</u>

The company's investments at the balance sheet date in the share capital of companies include the following

Carbogen AMCIS Limited

Nature of business Chemical manufacturer

	% holding	2012 £	2011 £
Class of shares			
Ordinary	100 00		
Aggregate capital and reserves		151,426	97,187
Profit/(loss) for the year		<u>54,239</u>	<u>(63,816)</u>

Innovative Ozone Services Inc

Country of incorporation Switzerland

Nature of business Pharmaceutical manufacture

	% holding	2012 £	2011 £
Class of shares			
Ordinary	49 00		
Aggregate capital and reserves		(1,328,750)	(1,349,855)
Profit for the year		<u>21,116</u>	<u>223,118</u>

This company is accounted for as a subsidiary undertaking as its remaining share capital is held by a wholly-owned subsidiary of the ultimate parent company

Dishman Netherlands BV

Country of incorporation The Netherlands

Nature of business Manufacture and distribution of chemicals

	% holding	2012 £
Class of shares		
Ordinary	100 00	
Aggregate capital and reserves		<u>6,763,088</u>

The company acquired the entire issued share capital from Dishman FZE, a fellow-subsiary of Dishman Pharmaceuticals and Chemicals Limited, on 9 February 2012 for a consideration of US\$7,200,000 (£4,517,194)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

9 FIXED ASSET INVESTMENTS - continued

		Loans to group undertakings £
At 1 April 2011 and 31 March 2012		930,000

10 STOCKS

	2012	2011
	£	£
Finished goods	1,550,528	1,173,475

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	7,501,652	7,302,979
Amounts owed by group undertakings	2,728,732	3,745,685
Other debtors	31,403	33,577
Prepayments and accrued income	977,134	167,487
	<u>11,238,921</u>	<u>11,249,728</u>

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts (see note 14)	3,622,989	3,683,283
Trade creditors	292,480	144,952
Amounts owed to group undertakings	6,230,540	7,160,764
Tax	217,640	273,990
Social security and other taxes	24,305	81,675
Other creditors	22,698	20,908
Accruals and deferred income	1,015,866	276,252
	<u>11,426,518</u>	<u>11,641,824</u>

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Amounts owed to group undertakings	4,310,345	-

14 LOANS

An analysis of the maturity of loans is given below

	2012	2011
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	3,622,989	3,683,283

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

15 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2012	2011
	£	£
Expiring		
Between one and five years	<u>42,000</u>	<u>42,000</u>

16 SECURED DEBTS

The following secured debts are included within creditors

	2012	2011
	£	£
Bank overdrafts	<u>3,622,989</u>	<u>3,683,283</u>

The company's bank borrowings represent trade finance facilities which are secured against trade receivables of £7,114,671 (2011 £7,219,530)

17 CALLED UP SHARE CAPITAL

Number	Class	Nominal value	2012	2011
			£	£
159,000	Ordinary	1	<u>159,000</u>	<u>159,000</u>

18 RESERVES

	Profit and loss account £
At 1 April 2011	2,093,760
Profit for the year	<u>606,460</u>
At 31 March 2012	<u>2,700,220</u>

19 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of certain employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company. The total contributions paid in the period amounted to £55,010 (2011 £46,917)

20 ULTIMATE PARENT COMPANY

The company is a wholly-owned subsidiary of Dishman Pharmaceuticals and Chemicals Limited, a company incorporated in India, which in the directors' opinion, is the company's ultimate parent company. The ultimate controlling party is Mr J R Vyas, who has a controlling interest in Dishman Pharmaceuticals and Chemicals Limited.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

21 RELATED PARTY DISCLOSURES

Goods and services to the value of £31,924,165 (2011 £31,871,078) were purchased from the parent company

The amount due to the parent company at the balance sheet date was £6,185,217 (2011 £7,107,564)

The following transactions occurred with other group companies

Dishman Netherlands BV

Amount owed to Dishman Europe Limited at the balance sheet date £372,763 (2010 £1,153)

Dishman USA

Sales £11,098 (2011 £nil)

Purchases £65,838 (2011 £nil)

Amount owed to/(by) Dishman Europe Limited at the balance sheet date £2,808 (2011 £(8,146))

Carbogen AMCIS Limited

Sales £nil (2011 £115,622)

Amount owed to Dishman Europe Limited at the balance sheet date £2,481,192 (2011 £2,880,891)

Innovative Ozone Services Inc

Amount owed to Dishman Europe Limited at the balance sheet date £785,310 (2011 £771,749)

Carbogen AMCIS AG

Amount owed by Dishman Europe Limited at the balance sheet date £38,345 (2011 £21,759)

Dishman Dubai

Amount owed (by)/to Dishman Europe Limited at the balance sheet date £(4,310,345) (2011 £229,143)

Dishman International Trade (Shanghai) Co Ltd

Purchases £140,033 (2011 £47,854)

Amount owed by Dishman Europe Limited at the balance sheet date £3,741 (2011 £22,908)

Dishman Arabia

Amount owed to Dishman Europe Limited at the balance sheet date £16,658 (2011 £16,638)

Dishman Japan

Amount owed by Dishman Europe Limited at the balance sheet date £3,237 (2011 £387)

There were no other related party transactions

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	606,460	963,869
Net addition to shareholders' funds	606,460	963,869
Opening shareholders' funds	2,252,760	1,288,891
Closing shareholders' funds	2,859,220	2,252,760