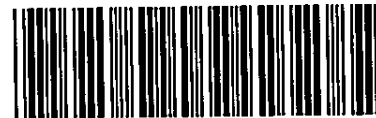


Company Registration No 06370905 (England and Wales)

RIVER EAST SUPPLIES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2013

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RIVER EAST SUPPLIES LIMITED

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RIVER EAST SUPPLIES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2013

The director presents his report and financial statements for the year ended 30 June 2013

Principal activities and review of the business

The principal activity of the company continued to be that of an international prescription service pharmacy providing pharmaceutical and prescription services and products to international customers

The company has had a significant decrease in sales compared with the previous year. The gross profit margin has increased as has overall profitability. The performance of the company is in line with the directors' expectations.

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other international retailers, employee retention and product availability.

Although the company has experienced a significant reduction in sales and profitability, it remains in a strong position at the year end. Shareholder's funds at the year end amounted to £334,921 compared with £260,176 in the previous year.

The company has made significant progress in the year towards achieving the growth strategy. The directors monitor progress on the overall strategy by reference to the following key performance indicators:

Growth in sales
Gross profit margin
Employee retention

Results and dividends

The results for the year are set out on page 4.

No dividends were paid during the year and no final dividend is proposed.

Directors

The following directors have held office since 1 July 2012:

T Haughton	(Resigned 12 October 2012)
Mrs C Haughton	(Resigned 21 September 2012)
N Kaulder	(Appointed 12 October 2012)

Financial instruments

The principal financial instruments of the company comprise bank balances, trade creditors, trade debtors and trading loan accounts. The main purpose of these instruments is to raise funds for the company's continuing operations. Liquidity risk is managed by the use of bank balances and trading loan accounts along with efficient monitoring and forecasting of cashflow to ensure there are sufficient funds to meet liabilities. Trade debtors are managed in respect of credit and cashflow risk by policies monitoring the credit offered to customers and regular monitoring of amounts outstanding for both time and total exposure.

Auditors

The auditors, Somerbys Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

RIVER EAST SUPPLIES LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

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

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

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

Statement of disclosure to auditors

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

On behalf of the board



N Kaulder

Director

8 January 2014

RIVER EAST SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO RIVER EAST SUPPLIES LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of River East Supplies Limited for the year ended 30 June 2013 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

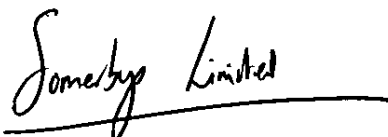
Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Alexander West ACA (Senior Statutory Auditor)
for and on behalf of Somerbys Limited

8 January 2014

Chartered Accountants
Statutory Auditor

30 Nelson Street
Leicester
LE1 7BA

RIVER EAST SUPPLIES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
	Notes	£	£
Turnover		10,657,011	18,076,145
Other operating income less cost of sales		(9,837,481)	(17,309,274)
Administrative expenses		<u>(722,577)</u>	<u>(715,923)</u>
Profit on ordinary activities before taxation	2	96,953	50,948
Tax on profit on ordinary activities	3	<u>(22,208)</u>	<u>(11,205)</u>
Profit for the year	12	<u><u>74,745</u></u>	<u><u>39,743</u></u>

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

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

RIVER EAST SUPPLIES LIMITED

ABBREVIATED BALANCE SHEET

AS AT 30 JUNE 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	5		61,118		83,332
Current assets					
Stocks	6	616,117		2,483,107	
Debtors	7	6,324,188		7,109,219	
Cash at bank and in hand		455,768		830,725	
		7,396,073		10,423,051	
Creditors' amounts falling due within one year	8	(7,119,381)		(10,240,749)	
Net current assets			276,692		182,302
Total assets less current liabilities			337,810		265,634
Provisions for liabilities	9		(2,889)		(5,458)
			334,921		260,176
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account	12		334,920		260,175
Shareholders' funds	13		334,921		260,176

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 8 January 2014



N Kaulder
Director

Company Registration No. 06370905

RIVER EAST SUPPLIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	£	2013 £	£	2012 £
Net cash (outflow)/inflow from operating activities		(354,185)		274,814
Taxation		(10,654)		(23,591)
Capital expenditure				
Payments to acquire tangible assets	-		(62,935)	
Receipts from sales of tangible assets	1,200		33,000	
Net cash inflow/(outflow) for capital expenditure		1,200		(29,935)
Net cash (outflow)/inflow before management of liquid resources and financing		(363,639)		221,288
Other new short term loans	-		100	
Repayment of other short term loans	(100)		-	
(Decrease)/increase in cash in the year		<u>(363,739)</u>		<u>221,388</u>

RIVER EAST SUPPLIES LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2013	2012
		£	£
	Operating profit	96,953	50,948
	Depreciation of tangible assets	20,161	19,981
	Loss/(profit) on disposal of tangible assets	853	(10,668)
	Decrease in stocks	1,866,990	284,258
	Decrease/(increase) in debtors	785,031	(2,093,667)
	(Decrease)/Increase in creditors within one year	(3,135,391)	2,026,845
	Net effect of foreign exchange differences	11,218	(2,883)
	Net cash (outflow)/inflow from operating activities	(354,185)	274,814

2	Analysis of net funds	1 July 2012	Cash flow	Other non-cash changes	30 June 2013
		£	£	£	£
	Net cash				
	Cash at bank and in hand	830,725	(363,739)	(11,218)	455,768
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due within one year	(100)	100	-	-
	Net funds	830,625	(363,639)	(11,218)	455,768

3	Reconciliation of net cash flow to movement in net funds	2013	2012
		£	£
	(Decrease)/increase in cash in the year	(363,739)	221,388
	Cash outflow/(inflow) from decrease/(increase) in debt	100	(100)
	Net effect of foreign exchange differences	(11,218)	2,883
	Movement in net funds in the year	(374,857)	224,171
	Opening net funds	830,625	606,454
	Closing net funds	455,768	830,625

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

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

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 3 years

1.5 Tangible fixed assets and depreciation

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

Plant and machinery	20% per annum of net book amount
Computer equipment	33 33% per annum of net book amount
Motor vehicles	25% per annum of net book amount

1.6 Leasing

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

1.7 Stock

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

1.8 Pensions

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

1.9 Deferred taxation

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

1.10 Foreign currency translation

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

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

2	Operating profit	2013	2012
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	20,161	19,981
	Loss on disposal of tangible assets	853	-
	Loss on foreign exchange transactions	11,218	-
	Operating lease rentals	87,763	54,667
	Auditors' remuneration (including expenses and benefits in kind)	5,000	5,000
	and after crediting		
	Profit on disposal of tangible assets	-	(10,668)
	Profit on foreign exchange transactions	-	(2,883)
		<u> </u>	<u> </u>
3	Taxation	2013	2012
		£	£
	Domestic current year tax		
	U K corporation tax	25,328	11,205
	Adjustment for prior years	(551)	-
		<u> </u>	<u> </u>
	Total current tax	24,777	11,205
	Deferred tax		
	Deferred tax credit current year	(2,569)	-
		<u> </u>	<u> </u>
		22,208	11,205
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	96,953	50,948
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2012 - 20.00%)	22,299	10,190
		<u> </u>	<u> </u>
	Effects of		
	Non deductible expenses	-	1,077
	Depreciation add back	4,833	3,996
	Capital allowances	(1,353)	(1,924)
	Adjustments to previous periods	(127)	-
	Other tax adjustments	(875)	(2,134)
		<u> </u>	<u> </u>
		2,478	1,015
		<u> </u>	<u> </u>
	Current tax charge for the year	24,777	11,205
		<u> </u>	<u> </u>

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

4 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2012 & at 30 June 2013	110,000
Amortisation	
At 1 July 2012 & at 30 June 2013	110,000
Net book value	
At 30 June 2013	-
At 30 June 2012	-

5 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 July 2012	88,395	41,095	129,490
Disposals	(4,048)	-	(4,048)
At 30 June 2013	84,347	41,095	125,442
Depreciation			
At 1 July 2012	41,020	5,137	46,157
On disposals	(1,995)	-	(1,995)
Charge for the year	11,172	8,990	20,162
At 30 June 2013	50,197	14,127	64,324
Net book value			
At 30 June 2013	34,150	26,968	61,118
At 30 June 2012	47,374	35,958	83,332

6 Stocks

	2013 £	2012 £
Finished goods and goods for resale	616,117	2,483,107

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

7 Debtors	2013 £	2012 £
Trade debtors	86,253	2,467,013
Other debtors	6,170,654	4,593,667
Prepayments and accrued income	67,281	48,539
	<u>6,324,188</u>	<u>7,109,219</u>

8 Creditors, amounts falling due within one year	2013 £	2012 £
Trade creditors	1,431,637	894,644
Corporation tax	25,328	11,205
Other creditors	5,656,757	9,324,856
Accruals and deferred income	5,659	10,044
	<u>7,119,381</u>	<u>10,240,749</u>

9 Provisions for liabilities	Deferred tax liability £
Balance at 1 July 2012	5,458
Profit and loss account	(2,569)
Balance at 30 June 2013	<u>2,889</u>

The deferred tax liability is made up as follows.

	2013 £	2012 £
Accelerated capital allowances	<u>2,889</u>	<u>5,458</u>

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

10 Pension and other post-retirement benefit commitments Defined contribution

	2013 £	2012 £
Contributions payable by the company for the year	11,698	14,672

11 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2012	260,175
Profit for the year	74,745
Balance at 30 June 2013	334,920

13 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	74,745	39,743
Opening shareholders' funds	260,176	220,433
Closing shareholders' funds	334,921	260,176

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

14 Financial commitments

At 30 June 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2014

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
Between two and five years	85,000	85,000

15 Directors' remuneration

	2013	2012
	£	£
Remuneration for qualifying services	60,569	-
Company pension contributions to defined contribution schemes	4,500	-
	65,069	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2012 - 0)

16 Employees

Number of employees

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

	2013	2012
	Number	Number
Administration	3	3
Distribution	14	19
	17	22

Employment costs

	2013	2012
	£	£
Wages and salaries	412,858	415,857
Social security costs	38,790	40,606
Other pension costs	11,698	14,672
	463,346	471,135

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

17 Ultimate parent company

On 12 October 2012 the entire share capital of the company was purchased by Global Drug Supply Ltd , a company incorporated in Barbados. The ultimate parent company from this date was 4208081 Canada Limited, a company incorporated in Canada. The ultimate controlling party was the Sigma Trust.

18 Related party relationships and transactions

Other transactions

Included within other debtors is an amount payable from Rockley Ventures of £6,013,367 (2012 - £4,414,152)

Included with other creditors is an amount payable to Global Drug Supply Ltd of £5,656,682 (2012 - £9,321,095). During the year River East Supplies Limited paid management fees to Global Drug Supply Ltd of £32,873 (2012 - £Nil) and received commissions of £31,488 (2012 - £Nil).

Included in trade creditors is an amount payable to CanadaDrugs com LP of £212,810 (2012 - £491,912)

Rockley Ventures and CanadaDrugs com LP are companies under common control and Global Drug Supply Ltd is the parent company of River East Supplies Limited.