

MEDCON UK LIMITED

Directors: E. Nachtomy
U. Blumenzohn
R. Davidson

Secretary: G. Afriat-Kurzer

Registered office: 37 Broadhurst Gardens
London
NW6 3QT

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Registered No: 4691359 (England & Wales)

Auditors: Levy Cohen & Co.
Registered Auditors
37 Broadhurst Gardens
London NW6 3QT

Financial statements **For the year ended 31 March 2009**

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MEDCON UK LIMITED

Directors' Report

The directors present the financial statements of the company for the year ended 31 March 2009.

Principal activity

The principal activity of the company during the year continues to be the distribution of medical software and hardware products.

Fixed assets

Changes in tangible fixed assets during the year are detailed in note 7 of the financial statements.

Dividend

The directors do not recommend a distribution of dividend.

Directors

The directors during the year under review were E. Nachtomy, U. Blumensohn, and R. Davidson.

None of the above has any beneficial interest in the company's issued ordinary share capital.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors confirm that:-

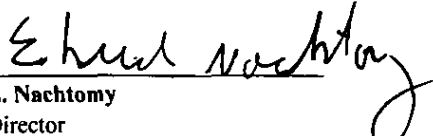
- So far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors Levy Cohen & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act.

The above report has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies (Effective January 2007).

Signed on behalf of the Board


E. Nachtomy
Director

Approved by the Board
20 May 2009

Independent Auditors' Report to the Shareholders Of

MEDCON UK LIMITED

We have audited the financial statements of Medcon UK Limited for the year ended 31 March 2009 which comprise of the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2007).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



LEVY COHEN & CO.
REGISTERED AUDITOR
37 Broadhurst Gardens
London NW6 3QT

20 May 2009

MEDCON UK LIMITED

Profit and loss account **For the year ended 31 March 2009**

	<i>Notes</i>	<i>2009</i> £	<i>2008</i> £
<i>Turnover</i>		3,046,584	2,304,140
Cost of sales		<u>(2,539,759)</u>	<u>(1,871,015)</u>
<i>Gross profit</i>		506,825	433,125
Operating expenses	2	<u>(415,427)</u>	<u>(364,001)</u>
<i>Operating profit</i>	3	91,398	69,124
Net financial income	5	<u>11,679</u>	<u>100,745</u>
<i>Profit before taxation</i>		103,077	169,869
Taxation	6	<u>(29,358)</u>	<u>(51,137)</u>
Profit for the year		<u>£ 73,719</u>	<u>£ 118,732</u>

Statement of retained profit

	<i>31.3.2009</i> £	<i>31.3.2008</i> £
At 1 April 2008	350,196	231,464
Profit for the year	<u>73,719</u>	<u>118,732</u>
At 31 March 2009	<u>£ 423,915</u>	<u>£ 350,196</u>

There are no recognized gains or losses other than the loss for the above two years.

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Balance sheet as at 31 March 2009

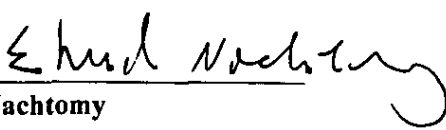
	Notes	31.3.2009 £	31.3.2008 £
Fixed assets			
Tangible assets	7	21,204	13,591
Current assets			
Debtors	8	736,200	1,220,137
Cash at bank and in hand		708,716	804,144
		<u>1,444,916</u>	<u>2,024,281</u>
Creditors: amounts falling due within one year	9	<u>(861,102)</u>	<u>(1,651,592)</u>
Net current assets		583,814	372,689
Creditors: amounts falling due more than one year	10	<u>(197,214)</u> 407,804	<u>(52,002)</u> 334,278
Deferred tax asset	11	<u>16,113</u>	<u>15,920</u>
Assets less liabilities		<u>£ 423,917</u>	<u>£ 350,198</u>

Capital and Surplus

		£	£
Called up share capital	12	2	2
Profit and loss account		423,915	350,196
Shareholders' fund		<u>£ 423,917</u>	<u>£ 350,198</u>

The financial statements have been prepared in accordance with special provision of Part VII of the Companies Act 1985 relating to small companies (Effective January 2007).

Signed on behalf of the Board


E. Nachtomy
 Director

MEDCON UK LIMITED

Notes to the financial statements - 31 March 2009

1. Accounting policies

(a) *Basis of accounting*

The financial statements have been under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (Effective on June 2007).

(b) *Turnover and revenue recognition*

Turnover represents net invoiced value of goods and services excluding VAT. Turnover attributed to geographical markets outside the UK amounted to 6.5%, (2008-4%)

The company generates revenues from sales of software and hardware products directly to end users and indirectly through resellers.

Revenues from the sales of software are recognized upon delivery when collection is and otherwise fixed or determinable; no significant obligation with regards to implementation and persuasive evidence of an arrangement exists.

Revenues included net of any future warranty obligation.

Revenue from maintenance agreements are deferred and recognized on straight line basis over the life of the related agreement.

(c) *Tangible fixed assets*

Depreciation is provided at the following annual rates in order to write off the assets over their estimated useful lives:

Computer and software	33% Straight line
Office equipment	25% straight line

(d) *Deferred taxation*

Deferred taxation is provided using the liability method to take into account timing differences arising from the inclusion of items of expenditure in taxation computations in periods that differ from those in which they are included in the financial statements to the extent that it is probable that a liability or assets will crystallize in the future.

Provision for deferred taxation is set off against debit balance of deferred taxation.

(e) *Foreign currencies*

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rate of exchange ruling at the Balance Sheet date. Transaction in Foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction.

(f) *Cash flow*

The financial statements do not include a Cash Flow Statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statement'.

(g) *Pension*

Out of the company defined contribution scheme are charged to the profit and loss account in the year which they are payable to the scheme.

(h) *Share based payment*

The company operates a share option plane of which employees receive options to buy shares of the ultimate parent company. The fair value of the employee services received in exchange for the grant of the option is recognize as expenses throughout the vesting period.

MEDCON UK LIMITED

Notes to the financial statements - 31 March 2009

2. Operating expenses

	2009 £	2008 £
Marketing and selling costs	168,442	110,197
Administrative expenses	246,985	253,804
	<u>415,427</u>	<u>364,001</u>

3. Operating profit

	2009 £	2008 £
<i>The operating profit is stated after charging:</i>		
Depreciation on tangible fixed assets	10,767	8,808
Auditors' remuneration	6,500	7,700
Directors' remuneration	<u>152,159</u>	<u>190,922</u>

4. Director's remuneration

	2009	2008
Number of paid directors	<u>1</u>	<u>1</u>
	£	£
Salary and related costs	107,857	110,673
Bonus and commission	35,261	56,715
Share based payment	1,833	16,670
Pension	<u>7,208</u>	<u>6,864</u>
	<u>152,159</u>	<u>190,922</u>

5. Net financial income

	2009 £	2008 £
Bank interest received	31,208	51,267
Exchange rates gains/(losses)	<u>(19,529)</u>	<u>49,478</u>
	<u>11,679</u>	<u>100,745</u>

6. Taxation

	2009 £	2008 £
Current year	29,551	56,233
Deferred tax	(193)	(5,578)
Prior year adjustment	-	482
	<u>29,358</u>	<u>51,137</u>

The tax charge for the period is UK corporation tax at the rate of 28%, (2008-30%) .

MEDCON UK LIMITED

Notes to the financial statements - 31 March 2009

7. *Tangible fixed assets*

	<i>Computer & Software £</i>	<i>Office Equipment £</i>	<i>Total £</i>
Cost:			
At 1 April 2008	47,114	3,819	50,933
Additions	18,380	-	18,380
At 31 March 2009	<u>65,494</u>	<u>3,819</u>	<u>69,313</u>
Depreciation:			
At 1 April 2008	35,888	1,454	37,342
Charge for the period	9,394	1,373	10,767
At 31 March 2009	<u>45,282</u>	<u>2,827</u>	<u>48,109</u>
Net Book Value:			
At 31 March 2009	<u>20,212</u>	<u>992</u>	<u>21,204</u>
At 31 March 2008	<u>11,226</u>	<u>2,365</u>	<u>13,591</u>

8. *Debtors*

	<i>31.3.2009 £</i>	<i>31.3.2008 £</i>
Trade debtors	615,691	909,602
Other debtors	2,000	2,000
Prepayments	<u>118,509</u>	<u>308,535</u>
	<u>736,200</u>	<u>1,220,137</u>

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Notes to the financial statements - 31 March 2009

9. Creditors: amounts falling due within one year

	<i>31.3.2009</i>	<i>31.3.2008</i>
	£	£
Trade creditors	1,056	2,205
Ultimate parent company	4,781	72,328
Parent company	7,202	37,404
Group company	65,252	-
VAT	88,823	108,340
Corporation tax	15,551	56,233
Accruals and deferred income	678,437	1,375,082
	<u>861,102</u>	<u>1,651,592</u>

10. Creditors: amounts falling due after more than one year

	<i>31.3.2009</i>	<i>31.3.2008</i>
	£	£
Deferred income	<u>197,214</u>	<u>52,002</u>

11. Deferred Tax Asset

The deferred tax asset relates to timing differences as a result of excess capital allowances over depreciation, and other timing differences relating to the provision for share based payments.

	<i>31.3.2009</i>	<i>31.3.2008</i>
	£	£
At 1 April 2008	15,920	10,342
Released to profit and loss account	193	5,578
At 31 March 2009	<u>16,113</u>	<u>15,920</u>

12. Share capital

	<i>31.3.2009</i>	<i>31.3.2008</i>
	£	£
Authorized:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. Related party transactions

Control:

The company is a wholly owned subsidiary of Medcon Limited a foreign company registered in Israel.

The ultimate parent company is McKesson Corporation, a public company registered in USA and listed on the New York Stock Exchange.

Transactions:

In accordance with FRS 8 the company is exempt from disclosure of related party transactions as its financial statement are included in a group financial statements which are publicly available.