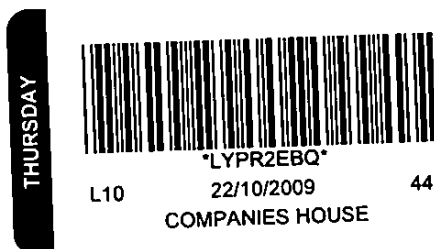


Company Registration No. 3125708 (England and Wales)

PHARM-OLAM INTERNATIONAL (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

COMPANIES HOUSE COPY



6140AB

PHARM-OLAM INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

Directors	Dr Z M Munk S Munk
Secretary	S Munk
Company number	3125708
Registered office	The Brackens London Road Ascot Berkshire SL5 8BJ
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Fortis Bank Worton Grange Imperial Way Reading RG2 0TD

PHARM-OLAM INTERNATIONAL (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 18

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The principal activity of the company continued to be that of management and consulting of clinical research trials.

The directors are satisfied with the increase in turnover of the company and are satisfied that the company will maintain and improve this level of performance for the foreseeable future.

During the year, turnover has increased by 14% to £20,236,488 (2007: £17,720,292). Turnover represents net invoiced sales of services, excluding value added tax, and is a key performance indicator, as it measures the output of the business. The company achieved a gross profit margin of 28% (2007: 31%) and a net profit margin of 2% (2007: 2%).

The company experienced a high level of organic expansion during 2008 with total staff employed rising from 56 at 31 December 2007 to 71 at 31 December 2008. This growth was required to deliver the increased business that is reflected in the increased turnover. The company's cash position at the year end was healthy, with cash at bank and in hand of £653,106 (2007: £230,677). The company had net current assets of £1,281,331 (2007: £765,793) and net assets of £1,732,360 (2007: £1,238,049) at the year end.

We believe the company's position in the marketplace remains strong, and we look forward to continued growth in 2009.

Principal risks and uncertainties facing the company

CRO industry

The company operates in a very competitive industry, competing with both small providers offering niche services, and large global CROs. In addition to this competition, some of the company's customers have the ability to carry out many of the CRO's activities, and thus not require a CRO's services.

Pharmaceutical industry

The company is reliant upon companies within the pharmaceutical industry continuing to outsource research and development expenditure. Any factors that effect or delay the level of outsourcing (such as merger and acquisition activity, lack of pipeline within the pharmaceutical industry, etc) will impact the company's ability to generate revenues.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Future developments

The directors anticipate that the company will maintain its level of performance for the foreseeable future.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors

The following directors have held office since 1 January 2008:

Dr Z M Munk

S Munk

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985.

Financial instruments and risk management

Information on financial risks and other risks is set out below:

Treasury activities take place under procedures and policies monitored by the directors. They are designed to minimise the financial risks faced by the company, which primarily arise from interest rate, credit and liquidity risks. It is not the policy of the company to enter into speculative transactions.

The company's principle financial instruments comprise bank balances, trade creditors, trade debtors and loans to the company. The purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk. The company makes use of money market facilities where funds are available.

In respect of loans, these comprise loans from related companies, which are interest free and payable on demand. The directors are aware of the company's required finance and have determined that these will only be repaid when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The company has no financial instruments to hedge foreign exchange exposure and does not enter into derivative transactions.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

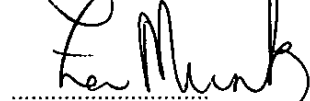
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 that 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 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.

Statement of disclosure to auditor

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

On behalf of the board



Dr Z M Munk

Director

14/10/2009

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

We have audited the financial statements of Pharm-Olam International (UK) Limited for the year ended 31 December 2008 set out on pages 6 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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

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 judgements made by the directors in the preparation of the financial statements, and of 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 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.

UHY Hacker Young

UHY Hacker Young

20 October 2009
.....

**Chartered Accountants
Registered Auditor**

PHARM-OLAM INTERNATIONAL (UK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Turnover	2	20,236,488	17,720,292
Cost of sales		(14,538,437)	(12,261,185)
Gross profit		5,698,051	5,459,107
Administrative expenses		(4,880,262)	(4,935,015)
Operating profit	3	817,789	524,092
Other interest receivable and similar income	4	50,409	38,608
Interest payable and similar charges	5	(162,912)	(54,097)
Profit on ordinary activities before taxation		705,286	508,603
Tax on profit on ordinary activities	6	(210,975)	(155,772)
Profit for the year	13	494,311	352,831

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.

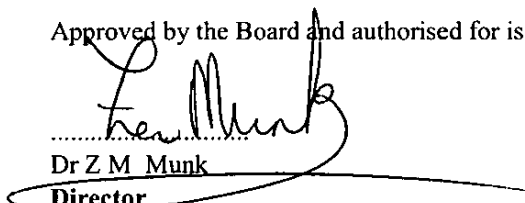
PHARM-OLAM INTERNATIONAL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	7	395,525		416,752	
Investments	8	55,504		55,504	
			451,029		472,256
Current assets					
Debtors	9	6,186,642		3,272,139	
Cash at bank and in hand		653,106		230,677	
			6,839,748		3,502,816
Creditors: amounts falling due within one year	10	(5,558,417)		(2,737,023)	
Net current assets			1,281,331		765,793
Total assets less current liabilities			1,732,360		1,238,049
Capital and reserves					
Called up share capital	12	50,000		50,000	
Profit and loss account	13	1,682,360		1,188,049	
Shareholders' funds	14	1,732,360		1,238,049	

Approved by the Board and authorised for issue on 14 Oct 2009


 Dr Z M Munk
 Director

COMPANY NO. 3125708

PHARM-OLAM INTERNATIONAL (UK) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

			2008		2007
	Notes	£	£	£	£
Net cash inflow from operating activities	19		976,746		252,155
Returns on investments and servicing of finance					
Interest received		50,409		38,608	
Interest paid		(162,912)		(54,097)	
Net cash outflow for returns on investments and servicing of finance			(112,503)		(15,489)
Taxation			(250,772)		(300,799)
Capital expenditure					
Payments to acquire tangible assets		(191,042)		(312,177)	
Net cash outflow for capital expenditure			(191,042)		(312,177)
Net cash inflow/(outflow) before management of liquid resources and financing			422,429		(376,310)
Increase/(decrease) in cash in the year	20, 21		422,429		(376,310)

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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 services, net of VAT and trade discounts.

1.4 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:

Leasehold property fittings	6 years straight line
Plant and machinery	3 years straight line
Fixtures & equipment	4 years straight line

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 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.

1.8 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.

1.9 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.

PHARM-OLAM INTERNATIONAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008**

1 Accounting policies**(Continued)****1.10 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium size group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover**Geographical market**

	Turnover	
	2008	2007
	£	£
United Kingdom	8,921,076	4,640,448
Rest of the world	11,315,412	13,079,844
	<u>20,236,488</u>	<u>17,720,292</u>

3 Operating profit

	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	212,269	169,477
Operating lease rentals	333,596	294,882
Fees payable to the company's auditor for the audit of the company's annual accounts	25,163	23,847
and after crediting:		
Profit on foreign exchange transactions	<u>(61,940)</u>	<u>(17,405)</u>

4 Investment income

	2008	2007
	£	£
Bank interest	<u>50,409</u>	<u>38,608</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

5	Interest payable	2008	2007
		£	£
	On bank loans and overdrafts	162,912	54,097
		<u>162,912</u>	<u>54,097</u>
6	Taxation	2008	2007
		£	£
	Domestic current year tax		
	U.K. corporation tax	215,000	165,000
	Adjustment for prior years	(4,025)	(9,228)
		<u>210,975</u>	<u>155,772</u>
	Current tax charge	<u>210,975</u>	<u>155,772</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	705,286	508,603
		<u>705,286</u>	<u>508,603</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007 - 30.00%)	201,007	152,581
		<u>201,007</u>	<u>152,581</u>
	Effects of:		
	Non deductible expenses	512	2,128
	Depreciation add back	60,494	50,843
	Capital allowances	(45,312)	(44,477)
	Adjustments to previous periods	(4,025)	(9,228)
	Other tax adjustments	(1,701)	3,925
		<u>9,968</u>	<u>3,191</u>
	Current tax charge	<u>210,975</u>	<u>155,772</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

7 Tangible fixed assets

	Leasehold property fittings £	Plant and machinery £	Fixtures & equipment £	Total £
Cost				
At 1 January 2008	27,458	740,842	304,065	1,072,365
Additions	-	111,286	79,756	191,042
At 31 December 2008	27,458	852,128	383,821	1,263,407
Depreciation				
At 1 January 2008	22,889	403,486	229,238	655,613
Charge for the year	4,569	169,775	37,925	212,269
At 31 December 2008	27,458	573,261	267,163	867,882
Net book value				
At 31 December 2008	-	278,867	116,658	395,525
At 31 December 2007	4,569	337,356	74,827	416,752

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2008 & at 31 December 2008	55,504
Net book value	
At 31 December 2008 & at 31 December 2007	55,504

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Pharm-Olam International (Polska) Sp. zo.o	Poland	Ordinary	99.00
Pharm-Olam International Deutschland GmbH	Germany	Ordinary	100.00
Pharm-Olam International (Belgium) Private Limited	Belgium	Ordinary	99.00
Pharm-Olam International (India) Pvt Ltd	India	Ordinary	100.00
Pharm-Olam International doo	Croatia	Ordinary	100.00
Pharm-Olam International (Spain) S.L.	Spain	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2008 £	Profit/(loss) for the year 2008 £
	Principal activity		
Pharm-Olam International (Polska) Sp. zo.o	Clinical trials of new drugs	534,965	83,843
Pharm-Olam International Deutschland GmbH	Clinical trials of new drugs	102,095	77,869
Pharm-Olam International (Belgium) Private Limited	Clinical trials of new drugs	(54,477)	(28,235)
Pharm-Olam International (India) Pvt Ltd	Clinical trials of new drugs	56,021	21,882
Pharm-Olam International doo	Clinical trials of new drugs	4,271	751
Pharm-Olam International (Spain) S.L.	Clinical trials of new drugs	136,051	41,512

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

9 Debtors	2008	2007
	£	£
Trade debtors	2,232,839	1,489,256
Amounts owed by group undertakings	1,251,088	980,788
Other debtors	22,447	15,429
Prepayments and accrued income	2,680,268	786,666
	<u>6,186,642</u>	<u>3,272,139</u>

10 Creditors: amounts falling due within one year	2008	2007
	£	£
Trade creditors	780,521	539,138
Amounts owed to related parties	2,095,988	1,212,834
Corporation tax	75,975	115,772
Other taxes and social security costs	308,177	269,583
Other creditors	19,256	11,714
Accruals and deferred income	2,278,500	587,982
	<u>5,558,417</u>	<u>2,737,023</u>

The company's overdrafts are secured by a fixed and floating charge over all the current and future assets of the company.

11 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2008	2007
	£	£
Contributions payable by the company for the year	<u>171,784</u>	<u>122,827</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

12 Share capital	2008	2007
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u> </u>	<u> </u>
 13 Statement of movements on profit and loss account		
		Profit and loss account £
Balance at 1 January 2008		1,188,049
Profit for the year		494,311
		<u> </u>
Balance at 31 December 2008		1,682,360
		<u> </u>
 14 Reconciliation of movements in shareholders' funds	2008	2007
	£	£
Profit for the financial year	494,311	352,831
Opening shareholders' funds	1,238,049	885,218
	<u> </u>	<u> </u>
Closing shareholders' funds	1,732,360	1,238,049
	<u> </u>	<u> </u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008**

15 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2009:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Operating leases which expire:				
Within one year	77,848	218,381	8,788	-
Between two and five years	199,998	121,587	23,468	-
	<u>277,846</u>	<u>339,968</u>	<u>32,256</u>	<u>-</u>

16 Employees**Number of employees**

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

	2008	2007
	Number	Number
Clinical	24	22
Business development	16	8
Administration	22	19
Quality assurance	9	7
	<u>71</u>	<u>56</u>

Employment costs

	2008	2007
	£	£
Wages and salaries	4,812,300	3,707,504
Social security costs	325,983	284,066
Other pension costs	171,784	122,827
	<u>5,310,067</u>	<u>4,114,397</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

17 Control

Pharm-Olam International (UK) Limited is a wholly owned subsidiary of Pharm-Olam Group Limited, a company registered in England and Wales. Majority ownership, in the amount of eighty-eight percent (88%) of Pharm-Olam Group Limited is held by Shomer XV Limited, a partnership based in the United States of America. Shomer XV Limited is under the control of Dr Z.M. Munk, a director of this company.

18 Related party transactions

During the year the company was charged for monitoring and research services carried out by its subsidiary undertakings and entered into financing arrangements with the subsidiaries. The resulting amounts owed to the company by subsidiaries and fellow subsidiaries was £466,528 (2007 - £262,128) and is included within amounts owed by group undertakings in note 9 above. Also included within amounts owed by group undertakings in note 9 is amounts totalling £784,560 (2007 - £718,660) due from Pharm-Olam International Limited, a group company in the United States of America. Management fees were charged to the company by Pharm-Olam International Limited amounting to £nil (2007: £711,852).

Amounts owed to related parties in note 10 included £1,540,941 (2007: £1,077,776) due to MB Quest Inc., a company incorporated in the United States of America and £555,047 due to subsidiary and fellow subsidiary undertakings. The balance with MB Quest Inc arose as a result of monitoring and research services rendered to the company during the year.

All related companies are connected by virtue of being under the control of Dr Z.M. Munk.

19 Reconciliation of operating profit to net cash inflow from operating activities	2008	2007
	£	£
Operating profit	817,789	524,092
Depreciation of tangible assets	212,269	169,477
(Increase)/decrease in debtors	(2,914,503)	862,162
Increase/(decrease) in creditors within one year	2,861,191	(1,303,576)
Net cash inflow from operating activities	<u>976,746</u>	<u>252,155</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

20 Analysis of net funds	1 January 2008	Cash flow	Other non- cash changes	31 December 2008
	£	£	£	£
Net cash:				
Cash at bank and in hand	230,677	422,429	-	653,106
Net funds	230,677	422,429	-	653,106

21 Reconciliation of net cash flow to movement in net funds	2008 £	2007 £
Increase/(decrease) in cash in the year	422,429	(376,310)
Movement in net funds in the year	422,429	(376,310)
Opening net funds	230,677	606,987
Closing net funds	653,106	230,677