

Company Registration No. 3125708 (England and Wales)

PHARM-OLAM INTERNATIONAL (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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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

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PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

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 level of turnover of the company and are satisfied that the company will maintain or improve this level of performance for the foreseeable future

During the year turnover decreased by 1% to £20.1 million (2008: £20.2 million). Turnover represents revenue derived from 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 22% (2008: 28%) and a net profit margin of 1% (2008: 2%)

The company's cash position at the year end was healthy, with cash at bank and in hand of £819,000 (2008: £653,000). The company had net current assets of £1.6 million (2008: £1.3 million) and net assets of £1.9 million (2008: £1.7 million) at the year end

We believe the company's position in the market place remains strong, and we look forward to a return to growth in 2010.

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 or improve its level of performance for the foreseeable future

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

The following directors have held office since 1 January 2009

Dr Z M Munk
S Munk

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 2006

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 the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditors of the company will be put at a General Meeting.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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 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:

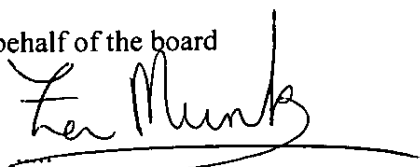
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,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

25 AUGUST 2010

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Pharm-Olam International (UK) Limited for the year ended 31 December 2009 set out on pages 6 to 16. 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, 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 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.

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 December 2009 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

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



Colin Wright (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

25 August 2010

Chartered Accountants
Statutory Auditor

PHARM-OLAM INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	£	£
Turnover	2	20,123,778	20,236,488
Cost of sales		(15,705,417)	(14,538,437)
Gross profit		4,418,361	5,698,051
Administrative expenses		(4,129,976)	(4,880,262)
Operating profit	3	288,385	817,789
Other interest receivable and similar income	4	1,666	50,409
Interest payable and similar charges	5	(21,127)	(162,912)
Profit on ordinary activities before taxation		268,924	705,286
Tax on profit on ordinary activities	6	(94,177)	(210,975)
Profit for the year	13	174,747	494,311

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.

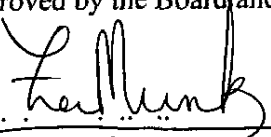
PHARM-OLAM INTERNATIONAL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	7	244,782		395,525	
Investments	8	55,504		55,504	
		<u>300,286</u>		<u>451,029</u>	
Current assets					
Debtors	9	5,281,344		6,186,642	
Cash at bank and in hand		819,536		653,106	
		<u>6,100,880</u>		<u>6,839,748</u>	
Creditors: amounts falling due within one year	10	<u>(4,494,059)</u>		<u>(5,558,417)</u>	
Net current assets		<u>1,606,821</u>		<u>1,281,331</u>	
Total assets less current liabilities		<u>1,907,107</u>		<u>1,732,360</u>	
Capital and reserves					
Called up share capital	12	50,000		50,000	
Profit and loss account	13	1,857,107		1,682,360	
Shareholders' funds	14	<u>1,907,107</u>		<u>1,732,360</u>	

Approved by the Board and authorised for issue on *25 AUG 2010*


 Dr Z M Munk
 Director

Company Registration No. 3125708

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

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

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 2009

2 Turnover

Geographical market

	Turnover	
	2009	2008
	£	£
United Kingdom	6,256,766	8,921,076
Rest of the world	13,867,012	11,315,412
	<u>20,123,778</u>	<u>20,236,488</u>

3 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	243,359	212,269
Loss on foreign exchange transactions	93,819	-
Operating lease rentals	406,632	333,596
Fees payable to the company's auditor for the audit of the company's annual accounts	24,768	25,163
and after crediting		
Profit on foreign exchange transactions	-	(61,940)

4 Investment income

	2009	2008
	£	£
Bank interest	611	50,409
Other interest	1,055	-

5 Interest payable

	2009	2008
	£	£
On bank loans and overdrafts	<u>21,127</u>	<u>162,912</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

6 Taxation	2009 £	2008 £
Domestic current year tax		
U.K. corporation tax	95,000	215,000
Adjustment for prior years	(823)	(4,025)
Relief for overseas tax	(2,488)	-
	<u>91,689</u>	<u>210,975</u>
Foreign corporation tax		
Foreign corporation tax	2,488	-
	<u>94,177</u>	<u>210,975</u>
Current tax charge		
	<u>94,177</u>	<u>210,975</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>268,924</u>	<u>705,286</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.50%)	<u>75,299</u>	<u>201,007</u>
Effects of		
Non deductible expenses	1,623	512
Depreciation add back	68,141	60,494
Capital allowances	(42,361)	(45,312)
Adjustments to previous periods	(823)	(4,025)
Other tax adjustments	(7,702)	(1,701)
	<u>18,878</u>	<u>9,968</u>
Current tax charge	<u>94,177</u>	<u>210,975</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

7 Tangible fixed assets

	Computer equipment £	Fixtures & equipment £	Total £
Cost			
At 1 January 2009	852,128	411,279	1,263,407
Additions	85,330	7,286	92,616
At 31 December 2009	937,458	418,565	1,356,023
Depreciation			
At 1 January 2009	573,261	294,621	867,882
Charge for the year	192,785	50,574	243,359
At 31 December 2009	766,046	345,195	1,111,241
Net book value			
At 31 December 2009	171,412	73,370	244,782
At 31 December 2008	278,867	116,658	395,525

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2009 & at 31 December 2009	55,504
Net book value	
At 31 December 2009	55,504
At 31 December 2008	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 z o.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

9 Debtors	2009 £	2008 £
Trade debtors	1,322,770	2,232,839
Amounts owed by group undertakings	3,279,484	1,251,088
Corporation tax	7,489	-
Other debtors	-	22,447
Prepayments and accrued income	671,601	2,680,268
	<u>5,281,344</u>	<u>6,186,642</u>

Prepayments and accrued income shown above includes accrued income of £607,838

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

10 Creditors: amounts falling due within one year	2009	2008
	£	£
Trade creditors	410,387	780,521
Amounts owed to related parties	2,547,936	2,095,988
Corporation tax	-	75,975
Other taxes and social security costs	206,959	308,177
Other creditors	37,480	19,256
Accruals and deferred income	1,291,297	2,278,500
	<u>4,494,059</u>	<u>5,558,417</u>

Accruals and deferred income shown above includes deferred income of £967,972. 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.

	2009	2008
	£	£
Contributions payable by the company for the year	<u>154,146</u>	<u>171,784</u>

12 Share capital

	2009	2008
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2009	1,682,360
Profit for the year	174,747
	<u>1,857,107</u>
Balance at 31 December 2009	<u>1,857,107</u>

14 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	174,747	494,311
Opening shareholders' funds	1,732,360	1,238,049
	<u>1,907,107</u>	<u>1,732,360</u>
Closing shareholders' funds	<u>1,907,107</u>	<u>1,732,360</u>

15 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within one year	66,590	77,848	4,712	8,788
Between two and five years	274,913	199,998	5,253	23,468
	<u>341,503</u>	<u>277,846</u>	<u>9,965</u>	<u>32,256</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

16 Employees

Number of employees

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

	2009 Number	2008 Number
Clinical	16	24
Business development	10	16
Administration	16	22
Quality assurance	14	9
	<u>56</u>	<u>71</u>

Employment costs

	2009 £	2008 £
Wages and salaries	4,251,705	4,812,300
Social security costs	336,596	325,983
Other pension costs	154,146	171,784
	<u>4,742,447</u>	<u>5,310,067</u>

17 Control

Pharm-Olam International (UK) Limited is a wholly owned subsidiary of Pharm-Olam Group Limited, a company registered in England and Wales. Pharm-Olam Group Limited is wholly owned by Pharm-Olam International, Ltd, a partnership based in Texas, United States of America. The company's and group's ultimate controlling party is Dr Z M. Munk, a director of this company.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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 its parent, subsidiaries and fellow subsidiaries was £3,279,484 (2008 £1,251,088) and is included within amounts owed by group undertakings in note 9 above.

Amounts owed to related parties in note 10 included £1,415,555 (2008 £1,540,941) due to MB Quest Inc, a company incorporated in the United States of America and £1,132,381 (2008 £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.