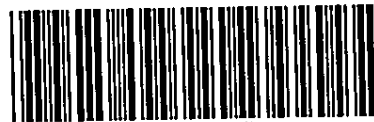


Company Registration No. 03125708 (England and Wales)

PHARM-OLAM INTERNATIONAL (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

TUESDAY



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COMPANIES HOUSE COPY

PHARM-OLAM INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

Directors	Dr Z M Munk S Munk
Secretary	S Munk
Company number	03125708
Registered office	The Brackens London Road Ascot Berkshire SL5 8BJ
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	HSBC Bank plc 100 Brook Drive Green Park Reading Berkshire RG2 6UJ

PHARM-OLAM INTERNATIONAL (UK) LIMITED

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PHARM-OLAM INTERNATIONAL (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their reports and financial statements for the year ended 31 December 2013

Principal Activity

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

Review of the business

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 increased by 22.6% to £18.4 million (2012: £15 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 21.6% (2012: 29.8%) and a net profit margin of 0.42% (2012: 0.62%).

The company's cash position at the year end was healthy, with cash at bank and in hand of £0.8 million (2012: £2.1 million). The company had net current assets of £2.0 million (2012: £2.0 million) and net assets of £2.2 million (2012: £2.2 million) at the year end.

We believe the company's position in the market place remains strong, and we look forward to continued growth in 2014.

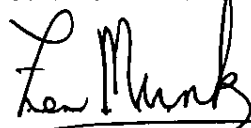
CRO industry

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.

On behalf of the board



Dr ZM Munk

Director

21 MARCH 2014

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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

Directors

The following directors have held office since 1 January 2013

Dr Z M Munk
S Munk

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

Statement of 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.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

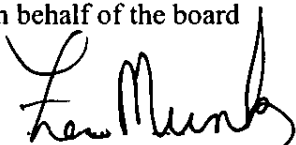
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of disclosure to auditors

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

21 MARCH 2014

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 2013 set out on pages 6 to 17. 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 2 - 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 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2013 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 Strategic Report and 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

21 March 2014

Chartered Accountants
Statutory Auditor

PHARM-OLAM INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	18,420,379	14,983,303
Cost of sales		(14,426,961)	(10,514,217)
Gross profit		3,993,418	4,469,086
Administrative expenses		(3,916,872)	(4,344,299)
Operating profit	3	76,546	124,787
Other interest receivable and similar income	4	761	256
Interest payable and similar charges	5	(22)	(132)
Profit on ordinary activities before taxation		77,285	124,911
Tax on profit on ordinary activities	6	893	(31,959)
Profit for the year	13	78,178	92,952

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

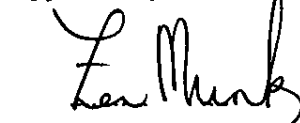
PHARM-OLAM INTERNATIONAL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	7	133,942		117,776	
Investments	8	57,121		57,121	
		<u>191,063</u>		<u>174,897</u>	
Current assets					
Debtors	9	4,736,799		3,098,595	
Cash at bank and in hand		<u>756,315</u>		<u>2,126,725</u>	
		5,493,114		5,225,320	
Creditors: amounts falling due within one year	10	<u>(3,452,722)</u>		<u>(3,246,940)</u>	
Net current assets		<u>2,040,392</u>		<u>1,978,380</u>	
Total assets less current liabilities		<u><u>2,231,455</u></u>		<u><u>2,153,277</u></u>	
Capital and reserves					
Called up share capital	12	50,000		50,000	
Profit and loss account	13	<u>2,181,455</u>		<u>2,103,277</u>	
Shareholders' funds	14	<u><u>2,231,455</u></u>		<u><u>2,153,277</u></u>	

Approved by the Board and authorised for issue on *21 MARCH 2014*



Dr Z.M. Munk
Director

Company Registration No. 03125708

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

Cash Flow Statement

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

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

(Continued)

1.7 Revenue recognition

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the company is recognised when the contingent event occurs.

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.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Pharm-Olam Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

2 Turnover

Geographical market

	Turnover	
	2013	2012
	£	£
United Kingdom	2,316,137	2,894,567
Rest of the world	16,104,242	12,088,736
	<u>18,420,379</u>	<u>14,983,303</u>

3 Operating profit

	2013	2012
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	70,937	55,116
Loss on foreign exchange transactions	143,407	4,545
Operating lease rentals	399,832	401,445
Fees payable to the company's auditor for the audit of the company's annual accounts	45,088	49,873
and after crediting		
Profit on disposal of tangible assets	<u>(68,357)</u>	<u>-</u>

4 Investment income

	2013	2012
	£	£
Bank interest	627	256
Other interest	134	-
	<u>761</u>	<u>256</u>

5 Interest payable

	2013	2012
	£	£
On bank loans and overdrafts	2	132
On overdue tax	20	-
	<u>22</u>	<u>132</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

6 Taxation	2013	2012
	£	£
Domestic current year tax		
U K corporation tax	(4,900)	32,000
Adjustment for prior years	(133)	(41)
Relief for overseas tax	-	(3,218)
	<u>(5,033)</u>	<u>28,741</u>
Foreign corporation tax		
Foreign corporation tax	<u>4,140</u>	<u>3,218</u>
Total current tax	<u>(893)</u>	<u>31,959</u>
	<u>(893)</u>	<u>31,959</u>
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>77,285</u>	<u>124,911</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012 - 24.50%)	<u>17,969</u>	<u>30,603</u>
 Effects of		
Non deductible expenses	929	456
Depreciation add back	600	13,503
Capital allowances	(28,358)	(25,297)
Adjustments to previous periods	(133)	(41)
Other tax adjustments	<u>8,100</u>	<u>12,735</u>
	<u>(18,862)</u>	<u>1,356</u>
Current tax charge for the year	<u>(893)</u>	<u>31,959</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

7 Tangible fixed assets

	Plant and machinery £	Fixtures & equipment £	Total £
Cost			
At 1 January 2013	1,073,647	422,205	1,495,852
Additions	64,728	22,375	87,103
Disposals	(68,357)	-	(68,357)
At 31 December 2013	1,070,018	444,580	1,514,598
Depreciation			
At 1 January 2013	956,258	421,818	1,378,076
On disposals	(68,357)	-	(68,357)
Charge for the year	66,524	4,413	70,937
At 31 December 2013	954,425	426,231	1,380,656
Net book value			
At 31 December 2013	115,593	18,349	133,942
At 31 December 2012	117,389	387	117,776

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2013 & at 31 December 2013	57,121
Net book value	
At 31 December 2013	57,121
At 31 December 2012	57,121

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	100 00
Pharm-Olam International Deutschland GmbH	Germany	Ordinary	100 00
Pharm-Olam International (Belgium) Pvt Ltd	Belgium	Ordinary	99 00
Pharm-Olam International (India) Pvt Ltd	India	Ordinary	100 00
Pharm-Olam International d o o	Croatia	Ordinary	100 00
Pharm-Olam International (Spain) S L	Spain	Ordinary	100 00
Pharm-Olam International (Italia) SRL	Italy	Ordinary	100 00
Pharm-Olam (Bulgaria) EOOD	Bulgaria	Ordinary	100 00
Pharm-Olam International (Hungary) Medical Research LLC	Hungary	Ordinary	100 00

The company, together with its subsidiaries as detailed above, are included in the group financial statements of Pharm-Olam Group Limited

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

9 Debtors	2013	2012
	£	£
Trade debtors	1,076,990	591,836
Amounts owed by parent and fellow subsidiary undertakings	3,519,992	2,132,941
Corporation tax	18,140	20,273
Other debtors	6,720	1,046
Prepayments and accrued income	114,957	352,499
	<u>4,736,799</u>	<u>3,098,595</u>

Prepayments and accrued income shown above includes accrued income of £52,013 (2012 £299,252)

10 Creditors: amounts falling due within one year	2013	2012
	£	£
Bank loans and overdrafts	8,122	-
Trade creditors	307,310	590,788
Amounts owed to subsidiary undertakings	1,169,657	1,164,363
Taxes and social security costs	90,437	75,090
Other creditors	884,473	150,370
Accruals and deferred income	992,723	1,266,329
	<u>3,452,722</u>	<u>3,246,940</u>

Accruals and deferred income shown above includes deferred income of £625,687 (2012 £862,921)

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.

	2013	2012
	£	£
Contributions payable by the company for the year	<u>167,317</u>	<u>128,015</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

12 Share capital	2013	2012
	£	£
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2013	2,103,277
Profit for the year	78,178
Balance at 31 December 2013	2,181,455

14 Reconciliation of movements in shareholders' funds	2013	2012
	£	£
Profit for the financial year	78,178	92,952
Opening shareholders' funds	2,153,277	2,060,325
Closing shareholders' funds	2,231,455	2,153,277

15 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire				
Within one year	13,322	180,364	-	144
Between two and five years	314,847	-	4,355	8,337
	328,169	180,364	4,355	8,481

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

16 Employees

Number of employees

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

	2013 Number	2012 Number
Clinical	107	79
Business development	2	7
Administration	18	17
Quality assurance	6	5
	<u>133</u>	<u>108</u>

Employment costs

	2013 £	2012 £
Wages and salaries	4,854,777	3,865,855
Social security costs	432,825	354,422
Other pension costs	167,317	128,015
	<u>5,454,919</u>	<u>4,348,292</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 2013

18 Related party relationships and 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 £3,519,992 (2012 £2,154,782) and is included within amounts owed by group undertakings in note 9 above.

Amounts owed to related parties in note 10 included £2,634 (2012 £2,913) due to MB Quest Inc, a company incorporated in the United States of America and £1,167,023 (2012 £1,161,450) due to subsidiary and fellow subsidiary undertakings. The balance with MB Quest Inc arose as a result of payments made for monitoring and research services rendered to the company.

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