

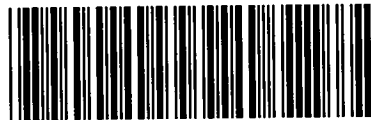
Company Registration No. 03125708 (England and Wales)

PHARM-OLAM INTERNATIONAL (UK) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

TUESDAY



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UHY Hacker Young
Chartered Accountants

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PHARM-OLAM INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

Directors	Dr Z 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 2014

The directors present the strategic report and financial statements for the year ended 31 December 2014.

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 12% to £20.6 million (2013: £18.4 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 21.7% (2013: 21.6%) and a net profit margin of 1.30% (2013: 0.42%).

The company's cash position at the year end was healthy, with cash at bank and in hand of £1.9 million (2013: £0.8 million). The company had net current assets of £2.3 million (2013: £2.0 million) and net assets of £2.5 million (2013: £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 2015.

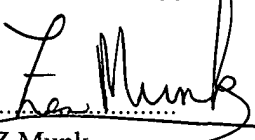
CRO industry

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 Z Munk

Director

30 MARCH 2015

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014:

Dr Z Munk
S Munk

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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;
- 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

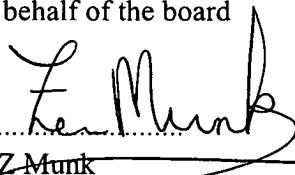
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 Munk

Director

30 MARCH 2015

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 2014 set out on pages 6 to 18. 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 (APB'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 2014 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

30 March 2015

Chartered Accountants
Statutory Auditor

PHARM-OLAM INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	20,626,320	18,420,379
Cost of sales		(16,143,266)	(14,426,961)
Gross profit		4,483,054	3,993,418
Administrative expenses		(4,155,677)	(3,916,872)
Operating profit	3	327,377	76,546
Other interest receivable and similar income	4	1,653	761
Interest payable and similar charges	5	(35)	(22)
Profit on ordinary activities before taxation		328,995	77,285
Tax on profit on ordinary activities	6	(65,467)	893
Profit for the year	13	263,528	78,178

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.

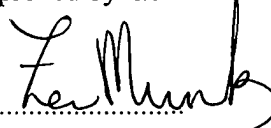
PHARM-OLAM INTERNATIONAL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	7	134,405		133,942	
Investments	8	61,928		57,121	
		<u>196,333</u>		<u>191,063</u>	
Current assets					
Debtors	9	3,962,313	4,736,799		
Cash at bank and in hand		<u>1,906,022</u>	<u>756,315</u>		
		5,868,335	5,493,114		
Creditors: amounts falling due within one year	10	<u>(3,569,685)</u>	<u>(3,452,722)</u>		
Net current assets		2,298,650		2,040,392	
Total assets less current liabilities		<u>2,494,983</u>		<u>2,231,455</u>	
Capital and reserves					
Called up share capital	12	50,000		50,000	
Profit and loss account	13	<u>2,444,983</u>		<u>2,181,455</u>	
Shareholders' funds	14	<u>2,494,983</u>		<u>2,231,455</u>	

Approved by the Board and authorised for issue on 30 MARCH 2015



 Dr Z Munk
 Director

Company Registration No. 03125708

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014

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 2014

2 Turnover

Geographical market

	Turnover	
	2014	2013
	£	£
United Kingdom	1,533,632	2,316,137
Rest of the world	19,092,688	16,104,242
	<u>20,626,320</u>	<u>18,420,379</u>

3 Operating profit

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	86,353	70,937
Loss on foreign exchange transactions	-	143,407
Operating lease rentals	316,991	399,832
Auditors' remuneration (including expenses and benefits in kind)	46,500	45,088
and after crediting:		
Profit on disposal of tangible assets	-	(68,357)
Profit on foreign exchange transactions	(35,123)	-
	<u> </u>	<u> </u>

4 Investment income

	2014	2013
	£	£
Bank interest	1,579	627
Other interest	74	134
	<u>1,653</u>	<u>761</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

5	Interest payable	2014	2013
		£	£
	On bank loans and overdrafts	35	2
	On overdue tax	-	20
		<u>35</u>	<u>22</u>
		<u><u>35</u></u>	<u><u>22</u></u>
6	Taxation	2014	2013
		£	£
	Domestic current year tax		
	U.K. corporation tax	65,500	(4,900)
	Adjustment for prior years	(33)	(133)
	Relief for overseas tax	(4,661)	-
		<u>60,806</u>	<u>(5,033)</u>
	Foreign corporation tax		
	Foreign corporation tax	4,661	4,140
		<u>4,661</u>	<u>4,140</u>
	Total current tax	<u>65,467</u>	<u>(893)</u>
		<u><u>65,467</u></u>	<u><u>(893)</u></u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>328,995</u>	<u>77,285</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.50% (2013 - 23.25%)	<u>70,734</u>	<u>17,969</u>
	Effects of:		
	Non deductible expenses	1,202	929
	Depreciation add back	18,566	600
	Capital allowances	(24,812)	(28,358)
	Adjustments to previous periods	(33)	(133)
	Other tax adjustments	(190)	8,100
		<u>(5,267)</u>	<u>(18,862)</u>
	Current tax charge for the year	<u><u>65,467</u></u>	<u><u>(893)</u></u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

7 Tangible fixed assets

	Plant and machinery £	Fixtures & equipment £	Total £
Cost			
At 1 January 2014	1,070,018	444,580	1,514,598
Additions	80,972	5,844	86,816
At 31 December 2014	1,150,990	450,424	1,601,414
Depreciation			
At 1 January 2014	954,425	426,231	1,380,656
Charge for the year	79,199	7,154	86,353
At 31 December 2014	1,033,624	433,385	1,467,009
Net book value			
At 31 December 2014	117,366	17,039	134,405
At 31 December 2013	115,593	18,349	133,942

PHARM-OLAM INTERNATIONAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014****8 Fixed asset investments**

	Unlisted investments £
Cost	
At 1 January 2014	57,121
Additions	4,807
At 31 December 2014	61,928
Net book value	
At 31 December 2014	61,928
At 31 December 2013	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
Pharm-Olam International (Turkey)	Turkey	Ordinary	100.00

PHARM-OLAM INTERNATIONAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014****8 Fixed asset investments****(Continued)**

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 2014 £	Profit/(loss) for the year 2014 £
	Principal activity		
Pharm-Olam International (Polska) Sp. z.o.o	Clinical Research Consultancy	723,583	75,669
Pharm-Olam International Deutschland GmbH	Clinical Research Consultancy	234,094	35,183
Pharm-Olam International (Belgium) Pvt Ltd	Clinical Research Consultancy	143,327	39,564
Pharm-Olam International (India) Pvt Ltd	Clinical Research Consultancy	156,240	22,321
Pharm-Olam International d.o.o	Clinical Research Consultancy	16,619	3,172
Pharm-Olam International (Spain) S.L.	Clinical Research Consultancy	295,663	66,169
Pharm-Olam International (Italia) SRL	Clinical Research Consultancy	75,024	21,856
Pharm-Olam (Bulgaria) EOOD	Dormant	-	-
Pharm-Olam International (Hungary) Medical Research LLC	Clinical Research Consultancy	174,147	22,594
Pharm-Olam International (Turkey)	Clinical Research Consultancy	7,268	4,514

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 2014

9 Debtors	2014	2013
	£	£
Trade debtors	983,193	1,076,990
Amounts owed by parent and fellow subsidiary undertakings	1,921,530	3,519,992
Corporation tax	-	18,140
Other debtors	5,207	6,720
Prepayments and accrued income	1,052,383	114,957
	<u>3,962,313</u>	<u>4,736,799</u>

Prepayments and accrued income shown above includes accrued income of £857,054 (2013: £52,013).

10 Creditors: amounts falling due within one year	2014	2013
	£	£
Bank loans and overdrafts	-	8,122
Trade creditors	72,643	307,310
Amounts owed to subsidiary undertakings	987,844	1,169,657
Corporation tax	60,765	-
Other taxes and social security costs	284,566	90,437
Other creditors	815,253	884,473
Accruals and deferred income	1,348,614	992,723
	<u>3,569,685</u>	<u>3,452,722</u>

Accruals and deferred income shown above includes deferred income of £557,284 (2013: £625,687).

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11 Retirement Benefits

Defined contribution scheme

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.

	2014	2013
	£	£
Contributions payable by the company for the year	181,308	167,317

12 Share capital

	2014	2013
	£	£
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 2014	2,181,455
Profit for the year	263,528
Balance at 31 December 2014	2,444,983

14 Reconciliation of movements in Shareholders' funds

	2014	2013
	£	£
Profit for the financial year	263,528	78,178
Opening Shareholders' funds	2,231,455	2,153,277
Closing Shareholders' funds	2,494,983	2,231,455

PHARM-OLAM INTERNATIONAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014****15 Financial commitments**

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Within one year	19,212	13,322	3,078	-
Between two and five years	308,203	314,847	4,043	4,355
	<u>327,415</u>	<u>328,169</u>	<u>7,121</u>	<u>4,355</u>

16 Employees**Number of employees**

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

	2014	2013
	Number	Number
Clinical	115	107
Business development	2	2
Administration	17	18
Quality assurance	6	6
	<u>140</u>	<u>133</u>

Employment costs

	2014	2013
	£	£
Wages and salaries	5,345,482	4,854,777
Social security costs	461,084	432,825
Other pension costs	181,308	167,317
	<u>5,987,874</u>	<u>5,454,919</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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 £1,921,530 (2013: £3,519,992) and is included within amounts owed by group undertakings in note 9 above.

Amounts owed to related parties in note 10 included £2,771 (2013: £2,634) due to MB Quest Inc., a company incorporated in the United States of America and £985,073 (2013: £1,167,023) 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.