

Company Registration No. 5204389 (England and Wales)

**ESSEX WOODLANDS HEALTH VENTURES UK
LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

COMPANY INFORMATION

Directors	P T Vainio G A T Ando
Company number	5204389
Registered office	Acre House 11-15 William Road London NW1 3ER
Auditors	H.W. Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	Royal Bank of Scotland 62-63 Threadneedle Street London EC2R 8LA

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

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ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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

Principal activities

The principal activity of the company continues to be that of the provision of investment management services.

Review of business

The company made a pre-tax profit of £151,537 (2007 - £73,951) for the year on a turnover of £2,232,907 (2007 - £1,142,169).

At 31 December 2008 the company had net assets of £188,830 (2007 - £94,457).

The company continues to make satisfactory progress.

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

Directors

The directors who served during the year were:

P T Vainio
G A T Ando

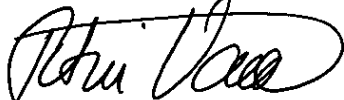
Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of H.W. Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



P T Vainio

Director

Dated: 25/3/09

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 accounts, 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 accounts;
- * prepare the accounts 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 to enable them to ensure that the accounts 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.

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Essex Woodlands Health Ventures UK Limited for the year ended 31 December 2008 set out on pages 4 to 13. These accounts have been prepared under the accounting policies set out on page 7.

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 accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 2.

Our responsibility is to audit the accounts 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 accounts 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 accounts.

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

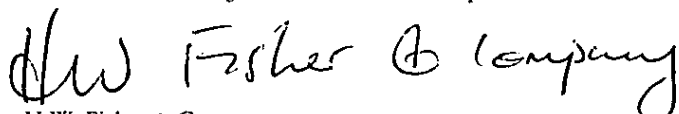
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- * the accounts 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 accounts have been properly prepared in accordance with the Companies Act 1985; and
- * the information given in the Directors' Report is consistent with the accounts.



H.W. Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: 26 March 2009

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Turnover	2	2,232,907	1,142,169
Administrative expenses		(2,120,793)	(1,067,378)
Operating profit	3	112,114	74,791
Other income	6	39,423	874
Interest payable and similar charges	7	-	(1,714)
Profit on ordinary activities before taxation		151,537	73,951
Tax on profit on ordinary activities	8	(57,164)	(29,419)
Profit on ordinary activities after taxation		94,373	44,532
Retained profit brought forward		94,456	49,924
Retained profit carried forward		188,829	94,456

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.

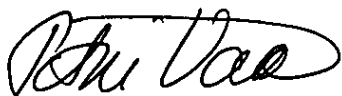
ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	9		1,031,976		70,513
Current assets					
Debtors	10	827,304		151,651	
Cash at bank and in hand		417,648		14,206	
			1,244,952	165,857	
Creditors: amounts falling due within one year	11	(2,060,377)		(141,913)	
Net current (liabilities)/assets			(815,425)		23,944
Total assets less current liabilities			216,551		94,457
Provisions for liabilities and charges	12		(27,721)		-
			188,830		94,457
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account			188,829		94,456
Shareholders' funds - all equity interests	15		188,830		94,457

The accounts were approved by the Board on 25/3/09



P T Vainio
Director

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Net cash inflow from operating activities	16	1,471,849	103,107
Returns on investments and servicing of finance			
Interest received		3,257	874
Interest paid		-	(1,714)
Rent received		36,166	-
Net cash inflow/(outflow) from returns on investments and servicing of finance		39,423	(840)
Corporation tax		(46,318)	(22,735)
Capital expenditure			
Payments to acquire tangible fixed assets		(1,061,512)	(80,914)
Net cash outflow from capital expenditure		(1,061,512)	(80,914)
Increase/(decrease) in cash	17	403,442	(1,382)

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

1.2 Turnover

Turnover represents the invoiced value of services provided net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	Over the life of lease
Computer Equipment	33% straight line
Fixtures and Fittings	25% straight line

1.4 Leasing

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.5 Pensions

The company makes payments towards employees' personal pension schemes. Contributions are charged to the profit and loss account as they become payable.

1.6 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	94,569	14,473
Operating lease rentals		
- Other assets	489,869	211,468
Auditors' remuneration	10,000	8,000
Remuneration of auditors for non-audit work	49,334	23,091

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

4	Directors' emoluments	2008 £	2007 £
	Aggregate emoluments	<u>528,279</u>	<u>365,708</u>
	Emoluments disclosed above include the following amounts paid to the highest paid director:		
	Aggregate emoluments	<u>401,758</u>	<u>349,041</u>
5	Employees		
	Number of employees		
	The average monthly number of employees during the year was:	<u>5</u>	<u>5</u>
	Employment costs	2008 £	2007 £
	Wages and salaries	822,779	549,291
	Social security costs	99,794	68,087
	Other pension costs	14,375	9,269
		<u>936,948</u>	<u>626,647</u>
6	Other income	2008 £	2007 £
	Rent receivable	36,166	-
	Interest receivable and similar income	3,257	874
		<u>39,423</u>	<u>874</u>
7	Interest payable and similar charges	2008 £	2007 £
	Interest payable and similar charges	<u>-</u>	<u>1,114</u>

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

8	Tax on profit on ordinary activities	2008 £	2008 £	2007 £	2007 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	29,443		29,419	
			29,443		29,419
	Deferred tax				
	Origination and reversal of timing differences	27,721		-	
			27,721		-
			57,164		29,419
	Factors affecting the tax charge for the year				
	Profit on ordinary activities before taxation		151,537		73,951
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007: 30.00%)		43,188		22,185
	Effects of:				
	Expenses not deductible for tax purposes		9,010		7,971
	Capital allowances for period in excess of depreciation		(20,112)		(1,675)
	Timing differences		(2,643)		2,307
	Current tax charge		29,443		29,419

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

9 Tangible fixed assets

	Land and buildings short Leasehold £	Computer Equipment £	Fixtures and Fittings £	Total £
Cost				
At 1 January 2008	11,957	37,859	40,963	90,779
Additions	774,451	10,029	277,032	1,061,512
Disposals	(11,957)	-	-	(11,957)
At 31 December 2008	774,451	47,888	317,995	1,140,334
Depreciation				
At 1 January 2008	2,491	14,079	3,696	20,266
On disposals	(6,477)	-	-	(6,477)
Charge for the year	44,305	11,224	39,040	94,569
At 31 December 2008	40,319	25,303	42,736	108,358
Net book value				
At 31 December 2008	734,132	22,585	275,259	1,031,976
At 31 December 2007	9,466	23,780	37,267	70,513

10 Debtors	2008 £	2007 £
Amounts owed by group undertakings	-	16,354
Other debtors	766,019	119,212
Prepayments and accrued income	61,285	16,085
	827,304	151,651

Amounts falling due after more than one year and included in other debtors above are:

	2008 £	2007 £
Other debtors	663,119	-

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

11 Creditors: amounts falling due within one year	2008 £	2007 £
Trade creditors	32,508	18,942
Amounts owed to group undertakings	1,462,430	-
Corporation tax	12,529	29,404
Other taxes and social security costs	52,615	23,813
Other creditors	180,895	23,750
Accruals and deferred income	319,400	46,004
	<u>2,060,377</u>	<u>141,913</u>

Other creditors of £180,895 comprises a deposit from a tenant which is held in a separate designated bank account included within the amount of £417,648 shown under cash at bank and in hand in the balance sheet.

12 Provisions for liabilities and charges	Deferred taxation £
Balance at 1 January 2008	-
Profit and loss account	27,721
Balance at 31 December 2008	<u>27,721</u>

Deferred tax is provided at 29% (2007- 30%) analysed over the following timing differences:

	2008 £	2007 £
Accelerated capital allowances	<u>27,721</u>	<u>-</u>

13 Pension costs

The company makes payments toward employees' personal pension schemes. Contributions totalling £14,375 (2007- £9,269) were made during the year.

14 Share capital	2008 £	2007 £
Authorised 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1 Ordinary share of £1	<u>1</u>	<u>1</u>

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

15	Reconciliation of movements in shareholders' funds	£	£
	Profit for the financial year	94,373	44,532
	Opening shareholders' funds	94,457	49,925
	Closing shareholders' funds	188,830	94,457
16	Net cash inflow from operating activities	2008	2007
		£	£
	Reconciliation to operating profit:		
	Operating profit	112,114	74,791
	Depreciation of tangible fixed assets	94,569	14,473
	Loss on disposal of tangible fixed assets	5,480	-
	Increase in debtors	(675,653)	(42,814)
	Increase in creditors	1,935,339	56,657
		1,471,849	103,107
17	Reconciliation of net cash flow to movement in net cash	2008	2007
		£	£
	Increase/(decrease) in cash	403,442	(1,382)
	Net cash at 1 January 2008	14,206	15,588
	Net cash at 31 December 2008	417,648	14,206
18	Analysis of net cash		
		At 1 January 2008	Cash flow December 2008
		£	£
	Cash at bank and in hand	14,206	417,648
		14,206	417,648

ESSEX WOODLANDS HEALTH VENTURES UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

19 Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008	2007
	£	£
Expiry date:		
Within one year	-	64,335
In over five years	554,620	-
	<u>554,620</u>	<u>64,335</u>

20 Related party transactions

During the period, the company supplied services totalling £2,125,394 (2007: £1,059,969) to Essex Woodlands Health Ventures Inc., its holding company. At the balance sheet date, an amount of £1,462,430 was owed to Essex Woodlands Health Ventures Inc (2007: £16,534 owed by Essex Woodlands Health Ventures Inc.)

21 Controlling parties

The immediate and ultimate holding company and ultimate controlling party is Essex Woodlands Health Ventures Inc., a company incorporated in the United States of America.