

**Wolters Kluwer Health Pharma Solutions (Europe)
Limited - Registered number 1619236**

**Directors' report and financial
statements
31 December 2009**

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Directors' report

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

Principal activities

The Company is an international medical publishing company, providing subscription-based publications and contract publishing services to the medical community and pharmaceutical industry. Revenue is earned both through direct sales and through commissions.

Business review

The Company is a wholly owned subsidiary of Wolters Kluwer NV, a Netherlands public company listed on the Amsterdam Stock Exchange.

As well as the UK business, the Company continues to maintain operations in Italy and Germany. The directors are satisfied with their financial and trading performance for the period under review.

The directors are satisfied with the financial position and future prospects of the Company.

Strategy

The Company's strategy is to increase revenue whilst improving overall profitability. This will be achieved by increasing the revenue achieved from existing customers and attracting new customers through product innovation and bundling together groups of products. The aim is to be a one stop shop for the customer.

Progress

We have seen an improvement to net profit despite consistent revenues. This has been achieved through tighter cost control. We will continue to leverage the Pharma relationships across the Health group throughout Europe to improve our revenue streams.

Risks and Uncertainties

The principal risk is the dependence of the Company on the large Pharma companies maintaining spending levels on research, development and marketing. A sustained global downturn could result in decreased spending in these areas and an associated adverse impact on revenue.

Key Performance Indicators

The Company's key performance indicators are turnover together with gross profit and operating profit before interest, taxation and amortisation.

Dividends and Transfers to Reserves

The directors do not recommend the payment of a dividend (2008: £Nil). The profit for the year of £3,353k (2008: £3,513k) has been transferred to reserves.

Directors and their interests

The directors who served during the period were as follows:

J Edwards	(resigned 31 March 2009)
J Roberts	
K Healy	
M Vaughan	(appointed 31 March 2009, resigned 31 July 2010)
T Sandhu	(appointed 31 March 2009)
R Prince	(appointed 31 March 2009)
A Beattie	(appointed 31 March 2009)

Directors' report *(continued)*

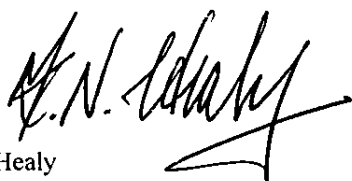
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the board



K Healy
Director

145 London Road
Kingston upon Thames
Surrey
KT2 6SR

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 their profit or loss for that period. In preparing each of the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Princes Parade
Liverpool L3 1QH
United Kingdom

Independent auditors' report to the members of Wolters Kluwer Health Pharma Solutions (Europe) Limited

We have audited the financial statements of Wolters Kluwer Health Pharma Solutions (Europe) Limited for the year ended 31 December 2009 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 page 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 (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/UKNP.

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 UK 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.

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.

E W Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants

13th August 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Notes</i>	2009 £000	2008 £000
Turnover	<i>1,2</i>	30,484	28,033
Cost of sales		(18,590)	(17,108)
Gross profit		11,894	10,925
Administrative expenses		(7,311)	(7,851)
Operating profit		4,583	3,074
Income from shares in group undertakings		336	-
Interest receivable and similar income	<i>6</i>	161	430
Interest payable and similar charges	<i>6</i>	(355)	(1,078)
Profit on ordinary activities before taxation	<i>3</i>	4,725	2,426
Tax on profit on ordinary activities	<i>7</i>	(1,372)	1,087
Profit for the financial year		3,353	3,513

The directors consider that all results derive from continuing activities

There were no other recognised gains or losses during either the current year or the prior year

Balance sheet
at 31 December 2009

	<i>Note</i>	2009 £000	2009 £000	2008 £000	2008 £000
Fixed assets					
Intangible assets	8		6,562		6,972
Tangible assets	9		394		317
			<hr/>		<hr/>
			6,956		7,289
Current assets					
Debtors	11	25,133		24,653	
Cash at bank and in hand		121		280	
		<hr/>		<hr/>	
		25,254		24,933	
Creditors: amounts falling due within one year	12	(28,811)		(31,781)	
		<hr/>		<hr/>	
Net current liabilities			(3,557)		(6,848)
			<hr/>		<hr/>
Net assets			3,399		441
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	13	-		-	
Share premium account	14	511		511	
Profit and loss account	14	2,888		(70)	
		<hr/>		<hr/>	
Shareholders' funds	15		3,399		441
			<hr/>		<hr/>

These financial statements were approved by the board of directors on
on its behalf by

and were signed

 13/8/2010.

K Healy
Director

Statement of total recognised gains and losses
for the year ended 31 December 2009

	2009 £000	2008 £000
Profit for the financial year	3,353	3,513
Foreign exchange (loss)/gain on the retranslation of the net assets of foreign branches	(395)	1,055
Total recognised gains and losses recognised since last annual report	2,958	4,568

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

The following amendments to standards have been adopted in these financial statements for the first time

The amendment to FRS 8 Related Parties Disclosures (mandatory for periods beginning on/after 6 April 2008) has the effect that only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions and there is no longer a disclosure exemption available in the parent company's own financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly-owned subsidiary of Wolters Kluwer NV, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Wolters Kluwer NV, within which this company is included, can be obtained from the address given in note 20

Going Concern

The financial statements have been prepared on the going concern basis. The Company is dependent for its working capital on funds guaranteed by other group companies. Wolters Kluwer Holdings (UK) Plc, an intermediate parent company, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years.

Intangible fixed assets

Intangible fixed assets comprise licence costs and goodwill. Licence costs represent externally purchased accounting systems and are capitalised at their cost. Licence costs are amortised to nil by equal annual instalments over their useful economic lives of five years.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at historical cost

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computers and software	Over 3 years
Furniture and equipment	Over 10 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The accounting records of the Italian and German branches are maintained in Euros. The net assets of the branches are converted into sterling at the rates of exchange ruling at the balancing sheet date and the resulting exchange differences are taken directly to reserves. The profit and loss accounts are converted into sterling at the average rate of exchanges during the period. Gains and losses on these translations are taken to reserves.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

Personal pension plans are held by certain directors and employees into which the Company makes defined contributions. Contributions are charged to the profit and loss account as they fall due. There are no amounts in respect of pension costs included within debtors or creditors at 31 December 2009.

The Company also participates in a group wide pension scheme providing benefits based on final pensionable pay for certain members of staff. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Long Term Contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to the stage of their completion, plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Payments received on account in excess of applicable work done are included in creditors as deferred income.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents the revenue arising in respect of goods and services supplied during the period stated net of value added tax, and commissions in respect of sale of products of fellow subsidiaries of Wolters Kluwer NV. Turnover excludes amounts invoiced on behalf of fellow subsidiaries of Wolters Kluwer NV

2 Analysis of turnover

By geographical market

	2009 £000	2008 £000
United Kingdom	2,973	2,708
Other European Countries	23,663	22,213
North America	3,065	2,342
Other	783	770
	<u>30,484</u>	<u>28,033</u>

3 Notes to the profit and loss account

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Hire of equipment	51	48
Rentals under other operating leases	318	276
Depreciation	135	156
Amortisation	410	416
Loss on disposal of fixed assets	12	-
Auditors' remuneration		
- audit of these financial statements	41	41
	<u></u>	<u></u>

Notes (continued)

4 Directors' remuneration

	2009 £000	2008 £000
Directors' emoluments	96	88
Company contributions to money purchase pension schemes	8	11
	<u>104</u>	<u>99</u>

	2009 Number	2008 Number
Retirement benefits are accruing to the following number of directors under		
Defined benefit scheme	<u>7</u>	<u>3</u>

5 Staff number and costs

	Number	Number
Average number of employees employed by the Company during the year	<u>156</u>	<u>156</u>
The aggregate payroll costs of these persons were as follows		
	2009 £000	2008 £000
Wages and salaries	5,625	5,395
Social security costs	921	929
Pension costs	208	186
	<u>6,754</u>	<u>6,510</u>

6 Interest receivable and interest payable

	2009 £000	2008 £000
<i>Interest receivable and similar income</i>		
Receivable from group undertakings	161	430
	<u>161</u>	<u>430</u>
<i>Interest payable and similar charges</i>		
Amounts payable on other loans	355	1,078
	<u>355</u>	<u>1,078</u>

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of charge in period

	2009 £000	2008 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	1,073	470
Adjustments in respect of prior periods	25	(518)
Less Double tax relief	(501)	(441)
<i>Foreign tax</i>		
Current tax on income for the period	493	551
Adjustment in respect of prior periods	37	(406)
Total current tax	1,127	(344)
<i>Deferred tax</i>		
Short term timing differences	126	(197)
Depreciation in excess of capital allowances	119	(546)
Total deferred tax	245	(743)
Tax on profit on ordinary activities	1,372	(1,087)

Factors affecting the tax charge for the current period

The current tax charge is lower (2008 lower) than the standard rate of tax in the UK of 28% (2008 28.5%). The difference is explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Profit before taxation	4,725	2,426
Current tax at 28% (2008 28.5%)	1,323	691
<i>Effects of</i>		
Adjustments in respect of prior periods	62	(924)
Depreciation in excess of capital allowances	(7)	(17)
Other timing differences	(156)	(242)
Expenses not deductible for tax purposes	8	8
Non-taxable group income	(94)	-
Higher tax rates on overseas earnings	(9)	140
Total current tax charge (see above)	1,127	(344)

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Deferred tax asset	2009 £000	2008 £000
At beginning of year	(743)	-
Charge/(credit) to profit and loss for the year	245	(743)
At end of year (note 11)	<u>(498)</u>	<u>(743)</u>
The elements of deferred taxation are as follows		
Short term timing differences	(71)	(197)
Depreciation in advance of capital allowances	(427)	(546)
	<u>(498)</u>	<u>(743)</u>

8 Intangible fixed assets

	Licence Costs £000	Goodwill £000	Total £000
Cost			
At beginning and end of year	977	8,202	9,179
Amortisation			
At beginning of year	977	1,230	2,207
Charge in year	-	410	410
At end of year	977	1,640	2,617
Net book value			
At 31 December 2009	-	6,562	6,562
At 31 December 2008	-	6,972	6,972

Notes (continued)

9 Tangible fixed assets

	Fixtures, fittings, tools and equipment £000
Cost	
At beginning of year	1,561
Additions	224
Disposals	(810)
At end of year	975
Depreciation	
At beginning of year	1,244
Charge for year	135
Disposals	(798)
At end of year	581
Net book value	
At 31 December 2009	394
At 31 December 2008	317

10 Fixed asset investments

The companies in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Wolters Kluwer Health Do Brazil Limitada	Brazil	Publishing	Ordinary – 99.5%

The cost of the Company's investment in its subsidiary undertaking at the start and at the end of the year was £30,000. There was an impairment against the cost of investment at the start and at the end of the year of £30,000.

11 Debtors

	2009 £000	2008 £000
Amounts falling due within one year		
Trade debtors	7,777	7,340
Amounts recoverable on contracts	491	407
Amounts owed by group undertakings	15,868	15,400
Other debtors	499	131
Corporation tax	-	632
Deferred tax asset (note 7)	498	743
	25,133	24,653

Notes (continued)

12 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	3,247	3,168
Amounts owed to group undertakings	20,130	23,992
Taxation and social security	339	-
Deferred income	3,196	3,143
Accruals	1,899	1,478
	<u>28,811</u>	<u>31,781</u>

13 Called up share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
110 ordinary shares of £1 each	<u>110</u>	<u>110</u>

14 Share premium and reserves

	Share Premium Account £000	Profit and loss account £000
At beginning of year	511	(70)
Profit for year	-	3,353
Foreign exchange gain on the translation of the net assets of foreign branches	-	(395)
At end of year	<u>511</u>	<u>2,888</u>

15 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	3,353	3,513
Other recognised gains and losses	(395)	1,055
Net addition to shareholders' funds	<u>2,958</u>	<u>4,568</u>
Opening shareholders' funds	441	(4,127)
Closing shareholders' funds	<u>3,399</u>	<u>441</u>

Notes (continued)

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2009 Land and building £000	2009 Other £000	2008 Land and building £000	2008 Other £000
Operating leases which expire				
Within one year	-	-	-	-
Within 2 to 5 years	76	-	76	-
After 5 years	242	-	200	-
	<u>318</u>	<u>-</u>	<u>276</u>	<u>-</u>

The rents payable are subject to renegotiation at various intervals specified in the leases

There were no capital commitments at 31 December 2009 (2008 £nil)

17 Contingent Liabilities

There were no significant contingent liabilities at 31 December 2009 (2008 £nil)

18 Pension scheme

The Company is a member of a group pension scheme and participates in defined contribution schemes

The Company contributed to a group pension plan which currently incorporates a funded defined benefit scheme and a defined contribution scheme. The defined benefit scheme is the Wolters Kluwer Holdings (UK) Plc Final Salary Scheme which is operated for the benefit of the UK employees of the Wolters Kluwer group. The company is unable to identify its share of the underlying assets and liabilities of the scheme, and in accordance with FRS 17, the scheme has been accounted for as if it was a defined contribution scheme.

The scheme was closed to existing members on 31 August 2006

No contributions were made during 2009 to the defined benefit pension scheme (2008 £nil)

The latest formal actuarial valuation of the Wolters Kluwer Holdings (UK) plc Final Salary Scheme was at 5 April 2008, and the major assumptions used were an investment return of 6.0% per annum pre retirement and 5.1% post retirement, and that pensions linked to inflation would increase at the rate of 3.4% per annum. The market value of the assets of the scheme at 5 April 2008 was £59.8m which represented 100% of the benefits which had accrued to members at that date. The scheme was fully funded and no employer's contributions were required.

The latest formal actuarial valuation for the Wolters Kluwer Holdings (UK) Plc Final Salary Scheme was updated at 31 December 2009 and 31 December 2008, the major assumptions used in these updates were as follows

	31 December 2009	31 December 2008
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment and deferred pensions	3.7%	2.9%
Discounted rate applied to scheme liabilities	5.7%	6.3%
Expected return on assets	6.2%	6.2%
Inflation assumption	3.7%	2.9%

Notes *(continued)*

18 Pension Scheme *(continued)*

The updated valuations took account of the market conditions and retirements in the periods to 31 December 2008 and 31 December 2009. These updates resulted in a surplus of approximately £3.5m at 31 December 2008 and a deficit of approximately £4.9m at 31 December 2009.

No contributions were prepaid at the end of the financial year (2008 £nil)

19 Related party disclosures

The Company is controlled by Wolters Kluwer Health (Europe) Limited, its immediate parent undertaking. The ultimate controlling party is Wolters Kluwer NV.

Wolters Kluwer Health Do Brazil Limitada is a 99.5% owned subsidiary of Wolters Kluwer Health (Europe) Limited. Wolters Kluwer Health (Europe) Limited made sales of £34,000 (2008 £nil) to Wolters Kluwer Health Do Brazil Limitada during the year ended 31 December 2009. As at 31 December 2009, Wolters Kluwer Health (Europe) Limited were due to receive £34,000 (2008 £nil) from Wolters Kluwer Health Do Brazil Limitada.

20 Ultimate parent company and parent undertaking of larger group which the Company is a member

The Company is a subsidiary of Wolters Kluwer NV which is the ultimate parent company, incorporated in The Netherlands.

The largest group in which the results of the Company are consolidated is that headed by Wolters Kluwer NV, a company incorporated in The Netherlands. The consolidated financial statements of this group are available to the public and may be obtained from Wolters Kluwer NV, Stadhouderskade 1, P.O. Box 818, 1000 AV Amsterdam, Netherlands.