

Registration number 3166262

M W Encap (Holdings) Limited
Directors' report and financial statements
for the year ended 31 December 2014

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M W Encap (Holdings) Limited

Company information

Directors	Stephen Brown John De Grandpre John L Shroyer Guido Driesen Amit M Patel
Secretary	John De Grandpre
Company number	3166262
Corporate secretary	London Registrars PLC
Registered office	Suite A 6 Honduras Street London England EC1Y 0TH
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

M W Encap (Holdings) Limited

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M W Encap (Holdings) Limited

Strategic report for the year ended 31 December 2014

The directors present their report and the consolidated financial statements of MW Encap (Holdings) Limited for the year ended 31 December 2014.

Main Business Objectives

The group focuses on its core technology of liquid filled hard capsules. The group is a world leader in the technology and has the expertise, equipment and facilities to develop liquid filled hard capsule products and manufacture under GMP conditions for clinical and commercial (licensed) pharmaceutical products. The main business objective is to grow the Development business (number and value of client projects) and to retain manufacturing contracts for products on commercialisation.

Business Model/Strategy

The business has been in operation since 1989 as a manufacturing operation. Since 2005 the strategy has been to build the Development services (values and number of client projects) and thus increase the opportunity to establish new commercial product manufacturing contracts for the group as these products progress through the development and registration process. Two products achieved registration approval in 2014 and became commercial products for the group. Other products are in the pipeline and scheduled to become commercial products over the next 2 - 3 years.

Financial Risk Management and Policies

The group's operations expose it to a variety of financial risks.

The group has a long history with its commercial clients and there is no history of bad debts. No single commercial client is greater than 10% with total revenues. Nevertheless, the group maintain contact with all commercial clients and monitor for any signs of change of control or instability.

The group's Development services business is split across a relatively large number of clients (> 30).

There is one development client in the late stage of the development process which currently provides ~ 20% of total revenues. As this project progresses to commercial manufacture, revenue from the customer will reduce to < 10% of total revenue.

Credit Risk/Cash Flow Risk - Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to clients and regular monitoring of amounts outstanding for both time and credit limits.

Liquidity Risk - Trade creditors liquidity risk is managed ensuring sufficient funds are available to meet amounts due.

Review of the Business

As included in the Profit and Loss Account, the turnover for the year under review amounted to £9,701,347 (period May to Dec 2013: £5,884,059). This figure consists of the value of development and manufacturing services to clients. The profit before taxation amounted to £1,126,117 (12%) (period May to Dec 2013: £1,075,311 (18%)).

M W Encap (Holdings) Limited

**Strategic report
for the year ended 31 December 2014**

..... continued

Environmental, Health and Safety (EHS)

Compliance with laws, regulations and other applicable EHS requirements is a top priority for the group and its parent company Capsugel SA. While compliance is a critical starting point, the group is also focused on continually enhancing all aspects of our business, including EHS. To that end the group seeks to achieve the highest standards of EHS performance, which includes three key elements:

1. Fully compliant operations
2. Zero EHS incidents
3. Environmentally sustainable operations, products and services.

The group is subject to written policies covering each of the above three elements and it is the group's Site Management responsibility to implement and comply with the Capsugel SA EHS Management System.

This report was approved by the Board on September 25, 2015 and signed on its behalf by

John de Grandpre
Secretary



M W Encap (Holdings) Limited
Directors' report
for the year ended 31 December 2014

Dividend

The directors do not recommend payment of a final dividend (2013: nil).

Directors

The directors who served during the year are as stated below:

Stephen Brown
John De Grandpre
John L Shroyer
Guido Driesen
Amit M Patel

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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 financial statements; and
- 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.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all 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 auditor is aware of that information.

M W Encap (Holdings) Limited

**Directors' report
for the year ended 31 December 2014**

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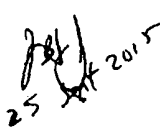
Strategic Report

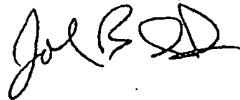
The information relating to main business objectives, business model/strategy, financial risk management and policies, review of the business, environmental and health and safety policies have been included in the Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Auditor

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

This report was approved by the Board on 25 Sept 2015 and signed on its behalf by

25 Sept 2015

John De Grandpre
Secretary
Registered Office
Suite A
6 Honduras Street
London
England
EC1Y 0TH



**Independent auditor's report to the shareholders of
M W Encap (Holdings) Limited**

We have audited the financial statements of M W Encap (Holdings) Limited for the year ended 31 December 2014 set out on pages 7 to 23. 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 group'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 group's members those matters we are required to state to them in an auditor's 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 auditor

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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

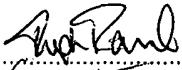
Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Independent auditor's report to the shareholders of
M W Encap (Holdings) Limited**

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Hugh Harvie (senior statutory auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

Date 30.9.18.

M W Encap (Holdings) Limited

**Consolidated Profit and loss account
for the year ended 31 December 2014**

		Group Year ended 31/12/14	Group 8 month period ended 31/12/13
	Notes	£	£
Turnover	2	9,701,347	5,884,059
Cost of sales		(3,179,033)	(1,904,521)
Gross profit		6,522,314	3,979,538
Distribution costs		(217,860)	(153,888)
Administrative expenses		(5,483,638)	(2,748,167)
Other operating income		310,774	9,047
Operating profit	3	1,131,590	1,086,530
Other interest receivable and similar income	5	4,701	1,801
Interest payable and similar charges	6	(10,175)	(13,020)
Profit on ordinary activities before taxation		1,126,116	1,075,311
Tax on profit on ordinary activities	9	(183,646)	(199,687)
Profit for the year	20	942,470	875,624
Retained profit brought forward		4,652,690	3,777,066
Retained profit carried forward		5,595,160	4,652,690

There are no recognised gains or losses other than the profit or loss for the above two financial periods.
The operating profit relates entirely to continuing activities.

The notes on pages 10 to 23 form an integral part of these financial statements.

M W Encap (Holdings) Limited

Consolidated and company balance sheets as at 31 December 2014

		31/12/14		31/12/13	
	Notes	Group £	Company £	Group £	Company £
Fixed assets					
Intangible assets	10	781,250	-	-	-
Tangible assets	11	3,388,696	-	2,786,732	-
Investments	12	-	814,875	-	814,875
		<u>4,169,946</u>	<u>814,875</u>	<u>2,786,732</u>	<u>814,875</u>
Current assets					
Stocks	13	666,541	-	482,607	-
Debtors	14	1,905,509	-	3,444,156	-
Cash at bank and in hand		2,001,776	-	496,049	-
		<u>4,573,826</u>	<u>-</u>	<u>4,422,812</u>	<u>-</u>
Creditors: amounts falling due within one year	15	(2,126,105)	-	(1,487,214)	-
Net current assets		<u>2,447,721</u>	<u>-</u>	<u>2,935,598</u>	<u>-</u>
Total assets less current liabilities		6,617,667	814,875	5,722,330	814,875
Creditors: amounts falling due after more than one year	16	(58,767)	-	(109,237)	-
Provisions for liabilities	17	(148,865)	-	(145,528)	-
Net assets		<u>6,410,035</u>	<u>814,875</u>	<u>5,467,565</u>	<u>814,875</u>
Capital and reserves					
Called up share capital	19	146,615	146,615	146,615	146,615
Share premium account	20	668,260	668,260	668,260	668,260
Profit and loss account	20	5,595,160	-	4,652,690	-
Shareholders' funds	21	<u>6,410,035</u>	<u>814,875</u>	<u>5,467,565</u>	<u>814,875</u>

The financial statements were approved by the Board on 25 Sep 2015, and signed on its behalf by

Stephen Brown
Stephen Brown
 Director

Registration number 3166262

The notes on pages 10 to 23 form an integral part of these financial statements.

M W Encap (Holdings) Limited

**Cash flow statement
for the year ended 31 December 2014**

		Year ended 31/12/14 £	8 month period ended 31/12/13 £
	Notes		
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,131,590	1,086,530
Depreciation		737,217	322,269
Loss/(gain) on disposal of fixed assets		1,291	(12,000)
(Increase) in stocks		(183,934)	(79,270)
Decrease /(increase) in debtors		1,450,804	(1,149,213)
Increase in creditors		888,824	677,463
Net cash inflow from operating activities		<u>4,025,792</u>	<u>845,779</u>
Cash flow statement			
Net cash inflow from operating activities		4,025,792	845,779
Returns on investments and servicing of finance	23	(5,474)	(11,219)
Taxation	23	(298,202)	-
Capital expenditure	23	(2,121,722)	(887,743)
		<u>1,600,394</u>	<u>(53,183)</u>
Financing	23	(94,667)	(105,207)
Increase in cash in the year		<u>1,505,727</u>	<u>(158,390)</u>
Reconciliation of net cash flow to movement in net funds (Note 24)			
Increase in cash in the year		1,505,727	(158,390)
Cash inflow from increase in debts and lease financing		94,667	105,207
Change in net funds resulting from cash flows		1,600,394	(53,183)
Net funds at 1 January 2014		<u>292,145</u>	<u>345,328</u>
Net funds at 31 December 2014		<u>1,892,539</u>	<u>292,145</u>

The notes on pages 10 to 23 form an integral part of these financial statements.

M W Encap (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

1.1. Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to the year ended 31 December 2014.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

1.2. Revenue recognition

Turnover comprises the value of production goods and development contracts supplied by the company, net of value added tax and trade discounts. Revenue from production sales is recognised at sales invoice date when the company had delivered products to customers. Revenue from development sales is predominately based on projects governed by milestone stage payments spread over the period of the project. The amount of revenue attributable to the stage of completion of a development contract is recognised when the outcome of the contract can be foreseen with reasonable certainty.

1.3. Intangible fixed assets and amortisation

Intangible assets are held at cost and amortised over the life of the intangible.

Amortisation is straight line over 223 months, being the estimated time to generate revenues. Amortisation will start in the first full month after the agreement date.

1.4. Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over the length of the lease
Plant and machinery	-	10%-50% Straight line
Fixtures, fittings and equipment	-	15%-30% Straight line

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated as above. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8. Pensions

The company provides individual pension benefits for the directors and senior employees on a money-purchase basis. Contributions are charged against profit in the period in which they are payable. The nature of the arrangement is that there is no contractual liability to guarantee a particular rate of benefit and therefore no underfunding can arise.

1.9. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.10. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.11. Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

2. Turnover

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Class of business		
Production	2,705,740	1,552,614
Development	6,995,607	4,331,445
	<u>9,701,347</u>	<u>5,884,059</u>
Geographical market		
UK	3,126,442	1,529,752
Europe	2,348,404	1,193,282
Rest of the World	4,226,501	3,161,025
	<u>9,701,347</u>	<u>5,884,059</u>

3. Operating profit

Operating profit is stated after charging:

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Depreciation		
- written off owned tangible fixed assets	671,666	274,104
- written off tangible fixed assets on HP/Finance lease	65,551	48,165
Loss on disposal of tangible fixed assets	1,291	-
Net foreign exchange loss	4,583	659
Operating lease rentals		
- Plant and machinery	2,907	2,975
- Land and buildings	168,332	112,221
- Office equipment	10,518	4,528
Auditor's remuneration (Note 4)	17,000	17,000
	<u>19,394</u>	<u>17,897</u>
and after crediting:		
Profit on disposal of tangible fixed assets	-	12,000
Government grants	14,407	9,047
	<u>14,407</u>	<u>9,047</u>

M W Encap (Holdings) Limited
Notes to the financial statements
for the year ended 31 December 2014

..... continued

4. Auditor's remuneration

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Auditor's remuneration - audit of the financial statements	17,000	17,000

5. Interest receivable and similar income

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Bank interest	4,701	1,801

6. Interest payable and similar charges

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Hire purchase interest	10,175	13,020

M W Encap (Holdings) Limited
Notes to the financial statements
for the year ended 31 December 2014

..... continued

7. Employees

	Year ended 31/12/14 Number	8 month period ended 31/12/13 Number
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
Direct staff, supervisory and administration	<u>93</u>	<u>81</u>
Employment costs		
	£	£
Wages and salaries	3,072,209	1,804,832
Social security costs	262,711	172,799
Pension costs-other operating charge	<u>177,670</u>	<u>97,253</u>
	<u>3,512,590</u>	<u>2,074,884</u>

7.1. Directors' remuneration

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Remuneration and other emoluments	192,857	103,995
Pension contributions	<u>20,525</u>	<u>13,260</u>
	<u>213,382</u>	<u>117,255</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

8. Pension costs

MW Encap Limited operates a money purchase pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year was £177,670 (8 month period to Dec 2013 - £97,253).

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

9. Tax on profit on ordinary activities

	Year ended 31/12/14 £	8 month period ended 31/12/13 £
Analysis of charge in period		
Current tax		
UK corporation tax	224,541	205,735
Adjustments in respect of previous periods	(44,232)	-
	<u>180,309</u>	<u>205,735</u>
Total current tax charge	<u>180,309</u>	<u>205,735</u>
Deferred tax		
Timing differences, origination and reversal	3,337	15,781
Effect of changes in tax rates	-	(21,829)
Total deferred tax	<u>3,337</u>	<u>(6,048)</u>
Tax on profit on ordinary activities	<u><u>183,646</u></u>	<u><u>199,687</u></u>

Factors affecting tax charge for period

The tax assessed for the period is lower (2013: lower) than the standard rate of corporation tax in the UK 21.49% (2013: 23%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>1,126,116</u>	<u>1,075,311</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (31 December 2013 : 23.00%)	242,036	247,322
Effects of:		
Expenses not deductible for tax purposes	10,340	16,086
Capital allowances for period in excess of depreciation	(26,956)	(13,928)
Adjustments to tax charge in respect of previous periods	(44,232)	-
R & D relief enhancement	(879)	(41,891)
Losses (utilised)/carried forward	-	(1,854)
Current tax charge for period	<u><u>180,309</u></u>	<u><u>205,735</u></u>

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

10. Intangible fixed assets

	Patents £	Total £
Group		
Cost		
At 1 January 2014	-	-
Additions	781,250	781,250
At 31 December 2014	<u>781,250</u>	<u>781,250</u>
Net book values		
At 31 December 2014	<u><u>781,250</u></u>	<u><u>781,250</u></u>

Intangible assets relate to patents which were recognised on an agreement date of 18 December 2014. Depreciation will commence in January 2015.

11. Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Group				
Cost				
At 1 January 2014	1,235,199	5,392,292	281,457	6,908,948
Additions	11,433	1,286,461	42,578	1,340,472
Disposals	-	(4,376)	-	(4,376)
At 31 December 2014	<u>1,246,632</u>	<u>6,674,377</u>	<u>324,035</u>	<u>8,245,044</u>
Depreciation				
At 1 January 2014	433,596	3,488,986	199,634	4,122,216
On disposals	-	(3,085)	-	(3,085)
Charge for the year	122,473	572,066	42,678	737,217
At 31 December 2014	<u>556,069</u>	<u>4,057,967</u>	<u>242,312</u>	<u>4,856,348</u>
Net book values				
At 31 December 2014	<u><u>690,563</u></u>	<u><u>2,616,410</u></u>	<u><u>81,723</u></u>	<u><u>3,388,696</u></u>
At 31 December 2013	<u><u>801,603</u></u>	<u><u>1,903,306</u></u>	<u><u>81,823</u></u>	<u><u>2,786,732</u></u>

All tangible fixed assets relate to the subsidiary, M W Encap Limited.

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	31/12/14		31/12/13	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Plant and machinery	<u>103,910</u>	<u>65,551</u>	<u>287,059</u>	<u>48,165</u>

12. Fixed asset investments	Subsidiary	Subsidiary	Total
	undertakings	undertakings	
	shares	loans	
	£	£	£
Company			
Cost			
At 1 January 2014 and at 31 December 2014	<u>301,000</u>	<u>513,875</u>	<u>814,875</u>
Net book values			
At 31 December 2014	<u>301,000</u>	<u>513,875</u>	<u>814,875</u>
At 31 December 2013	<u>301,000</u>	<u>513,875</u>	<u>814,875</u>

12.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Registration number	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking					
MW Encap Limited	England	02886521	Drug development	Ordinary	100%

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	Profit for the year
	£	£
MW Encap Limited	5,896,160	942,471

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

13. Stocks	Group 31/12/14 £	Group 31/12/13 £
Raw materials and consumables	559,764	478,652
Work in progress	106,777	3,955
	<u>666,541</u>	<u>482,607</u>
 14. Debtors	 Group 31/12/14 £	 Group 31/12/13 £
Trade debtors	1,550,237	1,995,032
Amounts owed by group undertakings	16,094	-
Other debtors	187,606	1,236,929
Prepayments and accrued income	151,572	212,195
	<u>1,905,509</u>	<u>3,444,156</u>
 15. Creditors: amounts falling due within one year	 Group 31/12/14 £	 Group 31/12/13 £
Net obligations under finance leases and hire purchase contracts	50,470	94,667
Trade creditors	325,983	606,717
Credit card liability	7,539	14,525
Amounts owed to group undertakings	413,287	-
Corporation tax	-	205,735
Other taxes and social security costs	91,081	77,869
Other creditors	132,607	154,682
Accruals and deferred income	1,105,138	333,019
	<u>2,126,105</u>	<u>1,487,214</u>

M W Encap (Holdings) Limited
Notes to the financial statements
for the year ended 31 December 2014

..... continued

16. Creditors: amounts falling due after more than one year	Group 31/12/14 £	Group 31/12/13 £
Net obligations under finance leases and hire purchase contracts	<u>58,767</u>	<u>109,237</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	50,470	94,667
Repayable between one and five years	<u>58,767</u>	<u>109,237</u>
	<u>109,237</u>	<u>203,904</u>
 17. Provisions for liabilities		
	Deferred taxation (Note 18) £	Total £
At 1 January 2014	145,528	145,528
Movements in the year	<u>3,337</u>	<u>3,337</u>
At 31 December 2014	<u>148,865</u>	<u>148,865</u>

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

18. Provision for deferred taxation	31/12/14	31/12/13
	£	£
Accelerated capital allowances	148,865	145,528
Provision for deferred tax	<u>148,865</u>	<u>145,528</u>
Provision at 1 January 2014	145,528	
Deferred tax charge in profit and loss account	<u>3,337</u>	
Provision at 31 December 2014	<u>148,865</u>	
 19. Share capital	 31/12/14	 31/12/13
	£	£
Allotted, called up and fully paid		
146,615 Ordinary shares of £1 each	<u>146,615</u>	<u>146,615</u>
 Equity Shares		
146,615 Ordinary shares of £1 each	<u>146,615</u>	<u>146,615</u>

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

20. Equity Reserves - Group

	Share premium account £	Profit and loss account £	Total £
At 1 January 2014	668,260	4,652,690	5,320,950
Profit for the year	-	942,470	942,470
At 31 December 2014	<u>668,260</u>	<u>5,595,160</u>	<u>6,263,420</u>

Equity Reserves - Company

	Share premium account £	Profit and loss account £	Total £
At 1 January 2014	668,260	-	668,260
At 31 December 2014	<u>668,260</u>	<u>-</u>	<u>668,260</u>

21. Reconciliation of movements in shareholders' funds

	Group 31/12/14 £	Company 31/12/14 £	Group 31/12/13 £	Company 31/12/13 £
Profit for the year	942,470	-	875,624	-
Opening shareholders' funds	<u>5,467,565</u>	<u>814,875</u>	<u>4,591,941</u>	<u>814,875</u>
Closing shareholders' funds	<u>6,410,035</u>	<u>814,875</u>	<u>5,467,565</u>	<u>814,875</u>

M W Encap (Holdings) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

22. Financial commitments

At 31 December 2014, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Expiry date:				
Between one and five years	-	-	13,425	10,600
In over five years	176,000	176,000	-	-
	<u>176,000</u>	<u>176,000</u>	<u>13,425</u>	<u>10,600</u>

23. Gross cash flows

	31/12/14	31/12/13
	£	£
Returns on investments and servicing of finance		
Interest received	4,701	1,801
Interest paid	(10,175)	(13,020)
	<u>(5,474)</u>	<u>(11,219)</u>
Taxation		
Corporation tax paid	(393,987)	-
Corporation tax refund	95,785	-
	<u>(298,202)</u>	<u>-</u>
Capital expenditure		
Payments to acquire intangible assets	(781,250)	-
Payments to acquire tangible assets	(1,340,472)	(916,974)
Receipts from sales of tangible assets	-	29,231
	<u>(2,121,722)</u>	<u>(887,743)</u>
Capital element of finance leases and hire purchase contracts	(50,470)	(53,638)
Capital element of finance lease contracts	(44,197)	(51,569)
	<u>(94,667)</u>	<u>(105,207)</u>

M W Encap (Holdings) Limited
Notes to the financial statements
for the year ended 31 December 2014

..... continued

24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	496,049	1,505,727	2,001,776
Finance leases and hire purchase contracts	(203,904)	94,667	(109,237)
Net funds	<u>292,145</u>	<u>1,600,394</u>	<u>1,892,539</u>

25. Ultimate parent undertaking

The ultimate parent undertaking is Capsugel SA, a company registered in Luxembourg.

The largest group in which the results of the company are consolidated is that headed by Capsugel SA.

The consolidated financial statements of this group are not available to the public.

M W Encap (Holdings) Limited

The following pages do not form part of the statutory accounts.

M W Encap (Holdings) Limited

**Detailed trading profit and loss account
for the year ended 31 December 2014**

	Year ended 31/12/14		period ended 31/12/13	
	£	£	£	£
Sales				
Production		2,705,740		1,552,615
Development		6,995,607		4,331,445
		<u>9,701,347</u>		<u>5,884,060</u>
Cost of sales				
Opening work in progress	3,955		29,719	
Opening raw material stock	478,652		373,618	
Materials	1,123,766		812,270	
Wages and salaries	1,283,209		729,356	
Carriage inwards	154,189		75,823	
Waste disposal	35,310		11,646	
Material testing	252,224		91,801	
Laboratory consumables	336,312		167,867	
Licences and regulatory visits	177,957		95,028	
	<u>3,845,574</u>		<u>2,387,128</u>	
Closing work in progress	(106,777)		(3,955)	
Closing raw material stock	(559,764)		(478,652)	
		<u>(3,179,033)</u>		<u>(1,904,521)</u>
Gross profit	67%	6,522,314	68%	3,979,539
Distribution costs		217,860		153,888
Administrative expenses		5,483,638		2,748,168
		<u>(5,701,498)</u>		<u>(2,902,056)</u>
		820,816		1,077,483
Other operating income				
Government grants		14,407		9,047
Sundry income		296,367		-
		<u>310,774</u>		<u>9,047</u>
Operating profit	12%	1,131,590	18%	1,086,530
Other income and expenses				
Interest receivable				
Bank deposit interest		4,701		1,801

M W Encap (Holdings) Limited

**Detailed trading profit and loss account
for the year ended 31 December 2014**

	Year ended 31/12/14		period ended 31/12/13	
	£	£	£	£
	<u> </u>	4,701	<u> </u>	1,801
Interest payable				
HP interest and fin. lease charges	<u>10,175</u>		<u>13,020</u>	
		(10,175)		(13,020)
Net profit for the year		<u><u>1,126,116</u></u>		<u><u>1,075,311</u></u>

M W Encap (Holdings) Limited

**Distribution costs and administrative expenses
for the year ended 31 December 2014**

	Year ended 31/12/14 £	period ended 31/12/13 £
Distribution costs		
Marketing and advertising	217,860	142,918
Exhibition costs	-	10,970
	<u>217,860</u>	<u>153,888</u>
Administrative expenses		
Wages and salaries	1,598,587	973,150
Directors' remuneration	190,413	102,326
Employer's NI contributions	262,711	172,799
Directors' pension costs	20,525	13,260
Staff pension costs	157,145	83,993
Staff training	20,558	12,640
Recruitment expenses	57,708	52,989
Staff healthcare	35,722	18,825
Capsugel US management fees	458,095	-
Capsugel Belgium IT charges	274,816	-
Rent	168,332	112,221
Rates	101,939	86,136
Service charges	11,729	6,533
Insurance	41,233	41,342
Leasing of plant and machinery	2,907	2,975
Leasing of office equipment	10,518	4,528
Light and heat	404,175	289,515
Cleaning	47,297	15,836
Repairs and maintenance	289,537	116,622
Printing, postage and stationery	25,606	14,637
Telephone	32,863	20,838
Computer costs	36,717	36,004
Hire of equipment	21,345	10,587
Travelling and hotels	156,416	136,121
Entertaining	31,704	9,772
Legal and professional	108,094	67,621
Auditor's remuneration	17,000	17,000
Bank charges	7,824	4,574
Bad debt provision	15,822	-
Loss on exchange	4,583	659
Canteen	-	2,914
General expenses	26,704	6,021
Subscriptions	9,492	5,461
Royalties paid	97,013	-
Depreciation on leasehold property	122,473	60,113
Depreciation on plant and machinery	572,066	248,090

M W Encap (Holdings) Limited

Depreciation on fixtures & equipment	42,678	14,066
Profits/losses on disposal of tangible assets	<u>1,291</u>	<u>(12,000)</u>
	<u>5,483,638</u>	<u>2,748,168</u>