

REGISTERED NO: OC307988

O'MELVENY & MYERS LLP
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

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**O'MELVENY & MYERS LLP
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012**

CONTENTS	PAGE
Members' Report	1-2
Independent Auditors' Report to the Members	3
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8-15

O'MELVENY & MYERS LLP
MEMBERS' REPORT
YEAR ENDED 31 JANUARY 2012

The Management Committee of O'Melveny & Myers LLP ("the LLP") presents this report on behalf of the members report together with the audited financial statements for the year ended 31 January 2012

PRINCIPAL ACTIVITY

The principal activity of the LLP in the year was the provision of professional legal advisory services. It operates in association with the US LLP referred to above in the following offices: Beijing, Brussels, Century City, Hong Kong, Los Angeles, Newport Beach, New York, San Francisco, Shanghai, Singapore, Silicon Valley, Tokyo and Washington D C

FIRM STRUCTURE

The LLP has been established to carry on the practice of law as a limited liability partnership in the United Kingdom in accordance with the applicable professional regulations. It is a condition of admission as a member of the LLP that such a member shall also be a member of the LLP's associated US firm, also called O'Melveny & Myers LLP ("the US LLP"), which is a limited liability partnership organised and existing under the laws of the State of California

DESIGNATED MEMBERS

The designated members of the LLP during the year and up to the date of signing the financial statements were as follows:

John Daghlian
Solomon Wifa

MEMBERS' SUBSCRIPTION AND REPAYMENT OF MEMBERS' CAPITAL

Under the terms of the Members' Agreement relating to the LLP, the members of the LLP can be required to make capital contributions to the LLP as determined from time to time by the Management Committee. It is intended that any member's capital so contributed will be repayable to the contributing member within 30 days following the date on which that member ceases to be a member of the LLP. Members' capital is classified within the accounts as a liability.

ALLOCATION OF PROFITS AND LOSSES AND DRAWINGS

Members can be remunerated out of the profits of the LLP (and can also be remunerated separately from the profits of the associated US LLP in their capacity as members in that firm) and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between the members after finalisation of the financial statements. Certain members, as designated from time to time in a separate agreement between such members and the US LLP, hold such portion of the interest allocated to them in the profits of the LLP for the benefit of the members of the US LLP. Members' profit shares will normally comprise:

- a base component, reflecting the role and seniority of each member,
- an allocation of residual profits not retained for future investment in the business

Where allocations of profits are made to members, to the extent that there is insufficient cash in the business to fund the distributions from the LLP, the US LLP by agreement with the members will provide the required funding consistent with such allocations.

O'MELVENY & MYERS LLP
MEMBERS' REPORT (CONTINUED)
YEAR ENDED 31 JANUARY 2012

RESPONSIBILITIES OF THE MEMBERS

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law, as applied to LLPs, requires the Members to prepare financial statements for each financial year. Under that law, the members have selected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, applied to LLPs, the members 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 LLP at the end of the year and of its profit or loss for that period. In preparing those financial statements the Members are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the LLP will continue in business.

The Members are responsible for keeping proper accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable it to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

These responsibilities are fulfilled by the Management Committee on behalf of the members. The Management Committee confirms that, to the best of its knowledge, it has complied with the above requirements in preparing the financial statements.

AUDITOR

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

Approved by the Management Committee on 19 September 2012 and signed on their behalf



John Daghlian
Designated Member

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF O'MELVENY & MYERS LLP

We have audited the financial statements of O'Melveny & Myers LLP (the LLP) for the year ended 31 January 2012 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes numbered 1 to 17

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the LLP's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships (LLPs) Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinion we have formed

Respective responsibilities of members and auditor

As explained more fully in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the LLP's affairs as at 31 January 2012 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 Companies Act 2006 as applied to LLPs.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF O'MELVENY & MYERS LLP**

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 as applied to LLPs requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

Steve Gale.

Steve Gale FCA
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

Date *19 September 2012*

**O'MELVENY & MYERS LLP
 PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31 JANUARY 2012**

	Notes	2012 £	2011 £
TURNOVER	2	14,021,089	13,648,097
Staff costs	5	(4,659,288)	(5,421,358)
Depreciation		(474,494)	(379,863)
Other operating expenses		<u>(4,067,750)</u>	<u>(3,530,508)</u>
OPERATING PROFIT	3	4,819,557	4,316,368
Interest receivable		208	384
Interest payable and similar charges	4	<u>(10,331)</u>	<u>(17,943)</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	12	<u>4,809,434</u>	<u>4,298,809</u>

All amounts relate to continuing operations

The profit and loss account contains all the gains and losses recognised in the current year and prior year

O'MELVENY & MYERS LLP
REGISTERED NUMBER: OC307988
BALANCE SHEET
31 JANUARY 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	<u>646,387</u>	<u>1,124,840</u>
CURRENT ASSETS			
Debtors	8	<u>3,685,938</u>	<u>3,463,608</u>
Cash at bank and in hand		<u>1,505,029</u>	<u>1,213,525</u>
		<u>5,190,967</u>	<u>4,677,133</u>
CREDITORS Amounts falling due within one year	9	<u>(911,678)</u>	<u>(1,044,042)</u>
NET CURRENT ASSETS		<u>4,279,289</u>	<u>3,633,091</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,925,676</u>	<u>4,757,931</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(2,834,713)</u>	<u>(2,599,770)</u>
PROVISIONS	11	<u>(383,333)</u>	<u>(333,333)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>1,707,630</u>	<u>1,824,828</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Members' capital classified as debt under FRS 25	12	<u>45,000</u>	<u>35,000</u>
EQUITY			
Members' other interests - Other reserves classified as equity under FRS 25	12	<u>1,662,630</u>	<u>1,789,828</u>
MEMBERS' FUNDS EMPLOYED		<u>1,707,630</u>	<u>1,824,828</u>
Loans and other debts due to members	12	<u>45,000</u>	<u>35,000</u>
Members' other interests	12	<u>1,662,630</u>	<u>1,789,828</u>
TOTAL MEMBERS' INTERESTS		<u>1,707,630</u>	<u>1,824,828</u>

The financial statements were approved and authorised for issue by the Management Committee on 19 September 2012 and were signed on behalf of the members of O'Melveny & Myers LLP by

John Daghlian
Designated Member



The notes on pages 8 to 15 form part of these financial statements

O'MELVENY & MYERS LLP
CASH FLOW STATEMENT
YEAR ENDED 31 JANUARY 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	14	4,963,253	2,355,189
Servicing of finance and return on investments	15(a)	(10,123)	(17,559)
Capital expenditure	15(b)	(43,072)	(107,280)
Transactions with members and former Members	15(c)	<u>(4,618,554)</u>	<u>(2,903,222)</u>
INCREASE/(DECREASE) IN CASH		<u>291,504</u>	<u>(672,872)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	2012 £	2011 £
Increase/(Decrease) in cash		291,504	(672,872)
Net funds at 1 February 2011		<u>1,213,525</u>	<u>1,886,397</u>
Net funds at 31 January 2012		<u>1,505,029</u>	<u>1,213,525</u>

The notes on pages 8 to 15 form part of these financial statements

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (the LLP SORP)

The Management Committee considers that the financial resources available to the business from the US LLP are adequate to meet its operational needs for the foreseeable future. Consequently the going concern basis has been adopted in preparing these financial statements

b) Tangible fixed assets

Tangible fixed assets are stated at cost including incidental costs of acquisition, less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the assets to its working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the following estimated economic lives

Fixtures and fittings	7 years
Office equipment	5 years
Leasehold property	10 years

c) Remuneration of Members

Members can be remunerated out of the profits of the LLP (and can also be remunerated separately out of the profits of the associated US LLP in their capacity as members in that firm) and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between the members after finalisation of the financial statements. Certain members, as designated from time to time in a separate agreement between such members and the US LLP, hold such portion of the interest allocated to them in the profits of the LLP for the benefit of the members' of the US LLP. Members' profit shares will normally comprise

- a base component, reflecting the role and seniority of each member,
- an allocation of residual profits not retained for future investment in the business

Where allocations of profits are made to members, to the extent that there is insufficient cash in the business to fund the distributions from the LLP, the US LLP (by agreement with the members) will provide the required funding consistent with such allocations.

Unallocated profits and losses are included in other reserves within members' other interests.

d) Post retirement benefits and pensions

O'Melveny & Myers LLP operates a defined contribution pension scheme for staff, the assets of which are held separately from those of the LLP. Contributions to the pension scheme are charged to the profit and loss account as incurred.

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

e) Revenue recognition

Turnover represents amounts chargeable to clients for professional services provided during the year, inclusive of direct expenses incurred but excluding value added tax. Revenue is recognised for all work performed in the year where the recoverability of the consideration can be assessed with reasonable certainty except where the consideration is contingent. Where revenue cannot be assessed with reasonable certainty or is contingent on a future event, no turnover is recognised.

Unbilled turnover on individual client assignments, or revenue recognised in excess of payments received on account, is included in accrued income within debtors.

f) Leases

Rentals under operating leases are charged to the profit and loss account in equal instalments over the lease term.

g) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates prevailing at that date. Translation differences are included in the profit and loss account. Where there are long term funding balances denominated in foreign currencies, these are retranslated annually with any exchange gain being taken to reserves.

h) Provisions

Provision is made, where material, for the value of unavoidable dilapidation costs payable at the end of the firm's leases.

i) Taxation

Taxation payable on the firm's profits is solely the personal liability of individual members and consequently neither taxation nor related deferred taxation arising in respect of O'Melveny & Myers LLP is accounted for in these financial statements.

j) Capital

Under the terms of the Members' Agreement relating to the LLP, the members of the LLP can be required to make capital contributions to the LLP as determined from time to time by the Management Committee. It is intended that any member's capital so contributed will be repayable to the contributing member within 30 days following the date on which that member ceases to be a member of the LLP. Members' capital is classified within the accounts as a liability.

2. TURNOVER

All turnover arose within the United Kingdom. The turnover arises from one activity, being the provision of legal services.

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

3. OPERATING PROFIT BEFORE INTEREST AND TAXATION

This is stated after charging or (crediting).

	2012 £	2011 £
Depreciation		
- owned assets	474,494	379,863
Loss/(profit) on sale of tangible fixed assets	47,030	3,899
Auditor's remuneration	21,000	20,000
Operating lease rentals:		
- Land and buildings	1,283,600	1,363,563
- Other operating lease payments	37,315	36,670
Difference on foreign exchange	<u>136,137</u>	<u>48,886</u>

4. INTEREST PAYABLE

	2012 £	2011 £
Bank loans and overdrafts	<u>10,331</u>	<u>17,943</u>

5. STAFF COSTS

	2012 £	2011 £
Wages and salaries	3,885,714	4,395,004
Social security and other costs	445,406	498,874
Other pension costs	<u>328,168</u>	<u>527,480</u>
	<u>4,659,288</u>	<u>5,421,358</u>

The average monthly number of employees, during the year was as follows

	No	No
Fee earners	23	26
Secretaries and support staff	<u>20</u>	<u>18</u>
	<u>43</u>	<u>44</u>

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

6. MEMBERS' REMUNERATION

Profits are shared among members after the end of the year in accordance with agreed profit sharing arrangements and include interest on members' funds.

	2012	2011
	£	£
Average number of members	<u>9</u>	<u>11</u>
Average profit per member	<u>534,382</u>	<u>390,801</u>

Profits in respect of the current year have not been allocated at the time of the financial statements being prepared. Allocation of these profits may include an allocation to certain members who will hold them for the benefit of the members of the US LLP as noted in Note 1 (Allocation of profits) and some allocated directly to certain UK resident members.

The estimated share of the profits attributable to the highest paid individual member (excluding those individuals that take a share of profit on trust for the US members of the US LLP) was £695,206 (2011 £595,927). This amount is estimated using the proportion of prior year profits allocated in the year.

7. TANGIBLE FIXED ASSETS

	Short leasehold property	Fixtures and fittings	Office furniture and equipment	Total
	£	£	£	£
Cost				
At 1 February 2011	2,235,872	882,350	763,957	3,882,179
Additions	-	34,770	8,302	43,072
Disposals	-	(499)	(115,382)	(115,881)
At 31 January 2012	<u>2,235,872</u>	<u>916,621</u>	<u>656,877</u>	<u>3,809,370</u>
Depreciation				
At 1 February 2011	1,490,444	664,415	602,480	2,757,339
Charge for the year	318,537	109,907	46,050	474,494
Disposals	-	-	(68,850)	(68,850)
At 31 January 2012	<u>1,808,981</u>	<u>774,322</u>	<u>579,680</u>	<u>3,162,983</u>
Net Book Value				
31 January 2012	<u>426,891</u>	<u>142,299</u>	<u>77,197</u>	<u>646,387</u>
<i>31 January 2011</i>	<u><i>745,428</i></u>	<u><i>217,935</i></u>	<u><i>161,477</i></u>	<u><i>1,124,840</i></u>

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

8. DEBTORS

	2012 £	2011 £
Trade debtors	760,476	650,573
Accrued income	2,466,068	2,393,516
Other debtors	38,163	32,173
Prepayments	421,231	387,346
	3,685,938	3,463,608

All debtors fall due within one year

9. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	26,799	11,075
Social security and other taxes	149,476	163,456
Accruals and deferred income	735,404	869,511
	911,679	1,044,042

10. CREDITORS. Amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to associated law firm	2,834,713	2,599,770

11. PROVISIONS

	Property £
At 1 February 2011	333,333
Charged to profit and loss account	50,000
At 31 January 2012	383,333

Dilapidations are provided on properties to the extent that they are expected to be incurred. These amounts are expected to be utilised during 2015 when the underlying lease expires.

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

12. RECONCILIATION OF MEMBERS' INTERESTS

	Members' Capital £	Loans and other debts due to Members' Other Reserves £	Total £	Members' Other Interests Other Reserves £	Total £	Total Members' Interests £
Members' interests at 1 February 2010	44,842	-	44,842	315,332	360,174	
Profit for the financial year available for division among members	-	-	-	4,298,809	4,298,809	
Members' interests after profit for the year	44,842	-	44,842	4,614,141	4,658,983	
Allocated profits	-	2,893,222	2,893,222	(2,893,222)	-	
Amounts introduced by members	(10,000)	-	(10,000)	-	(10,000)	
Repayments of capital	-	(2,893,222)	(2,893,222)	-	(2,893,222)	
Drawings	158	-	158	68,909	69,067	
Foreign exchange	-	-	-	-	-	
Members' interests at 31 January 2011	35,000	-	35,000	1,789,828	1,824,828	
Profit for the financial year available for division among members	-	-	-	4,809,434	4,809,434	
Members' interests after profit for the year	35,000	-	35,000	6,599,262	6,634,262	
Allocated profits	-	4,628,554	4,628,554	(4,628,554)	-	
Capital introduced	10,000	-	10,000	-	10,000	
Drawings	-	(4,628,554)	(4,628,554)	-	(4,628,554)	
Foreign exchange	-	-	-	(308,078)	(308,078)	
Members' interests at 31 January 2012	45,000	-	45,000	1,662,630	1,707,630	

Amounts due to Members will rank pari passu with other unsecured creditors in the event of a winding up

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

13. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 January 2012, the annual commitments under non-cancellable operating leases of were as follows

	2012	2012	<i>2011</i>	<i>2011</i>
	Land and	Other	<i>Land and</i>	<i>Other</i>
	Buildings		<i>Buildings</i>	
	£	£	£	£
Leasing expiring				
- within one year	-	-	-	-
- within two to five years	931,003	34,248	<i>931,003</i>	<i>32,416</i>
- after five years	-	-	-	-

At the year end, the LLP had not contracted for any capital commitments that are not included in the financial statements (2011 £NIL)

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	<i>2011</i>
	£	£
Operating profit	4,819,557	<i>4,316,368</i>
Depreciation	474,494	<i>379,863</i>
Loss/(profit) on disposal of tangible fixed assets	47,030	<i>3,899</i>
Increase/(decrease) in creditors	102,580	<i>(1,666,758)</i>
Increase/(decrease) in provisions	50,000	<i>50,000</i>
(Increase)/decrease in debtors	(222,330)	<i>(797,249)</i>
Exchange adjustments	(308,078)	<i>69,066</i>
Net cash inflow from operating activities	<u>4,963,253</u>	<i><u>2,355,189</u></i>

O'MELVENY & MYERS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JANUARY 2012

15. ANALYSIS OF GROSS CASH FLOWS

	2012 £	2011 £
a) Servicing of finance and return on Investments		
Interest paid	(10,331)	(17,943)
Interest received	208	384
	(10,123)	(17,559)
Net cash (outflow)/inflow from servicing of finance and returns on investments		
	(10,123)	(17,559)
b) Capital Expenditure		
Expenditure on tangible fixed assets	(43,072)	(107,280)
Proceeds from disposal of tangible fixed assets	-	-
	(43,072)	(107,280)
Net cash outflow from capital expenditure		
	(43,072)	(107,280)
c) Transactions with Members and former Members		
Capital repaid to Members and former Members	-	(10,000)
Payments to Members and former Members	(4,628,554)	(2,893,222)
Contributions by Members	10,000	-
	(4,618,554)	(2,903,222)
Net cash outflow from transactions with Members and former Members		
	(4,618,554)	(2,903,222)

16. RELATED PARTY TRANSACTIONS

From time to time O'Melveny & Myers LLP has received advances from the US LLP. At 31 January 2012, amounts totalling £2,834,713 (2011 £2,599,770) were owed by the UK LLP as a result of these transactions. This amount is due more than one year after the balance sheet date.

17. CONTROLLING PARTY

The ultimate controlling party is considered to be the members of the US LLP, O'Melveny & Myers LLP.