

Aptuit (Edinburgh) Limited

Report and Financial Statements

30 September 2010



Aptuit (Edinburgh) Limited

Registered No 05277708

Directors

J Fikre
J G Hepburn
T Tyson
T Amat

Secretary

J G Hepburn

Auditors

Ernst & Young LLP
10 George Street
Edinburgh
EH2 2DZ

Bankers

JP Morgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Solicitors

DLA Piper Rudnick Gray Cary UK LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Registered Office

Unit 107
Deeside Industrial Park
Deeside
Flintshire
CH5 2UA

Directors' report

The directors present their report and financial statements for the year ended 30 September 2010

Results and dividends

The profit for the year for the company, after taxation, amounted to £ 3,738,547 (2009 - £5,988,506) The company did not pay a dividend in the year (2009 - £nil)

Principal activity, review of the business and future developments

The Company's principal activities during the year were the management of Pre-Clinical Activities, Pharmaceutical Development and Sterile Manufacturing, Active Pharmaceutical Development, Contract Packaging, Distribution of clinical trial drug materials and related activities within the pharmaceutical industry

The directors are pleased with the Company's performance which include the trading results for the Deeside site whose trade and assets were transferred from Aptuit (Deeside) Limited on 30 September 2009 as part of a UK group restructuring

Turnover was £81,840,097 with a resultant net profit before taxation of £3,460,204 which compares to a prior year pre-tax and exceptional item loss of £9,697,864 The improved performance of the company is attributable to measures taken by the company during 2009 to reduce its cost base to reflect the difficult external trading environment coupled with the inclusion of the trading results of the Deeside site for the first time

In December 2010, the company announced that it will begin a 90-day consultation with employees proposing a phased withdrawal from its Livingston and Riccarton, Scotland sites If the proposal is implemented, an anticipated phased withdrawal would occur within a 12-month period The action and timing is dependent on completion of the appropriate consultation process, as well as the completion of contracted work The company will continue to trade from its other UK sites

The company continues to receive all necessary financial backing from the wider Aptuit group

Financial risk management objectives and policies

The main risks arising from the company's assets and liabilities are liquidity and foreign currency risks The company has clear policies for managing each of these risks as summarised below

Liquidity Risk

The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets Investment is carefully controlled, with authorisation limits operating at different levels up to group board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process

The company participates in the overall world-wide group's funding strategy managed at corporate treasury level The company participates in a UK cash pool The objective is to maintain a balance between continuity of funding and flexibility

Foreign Currency Risk

The company buys and sells goods and services denominated in currencies other than sterling As a result of the value of the company's non-sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates

For very large currency transactions the company seeks to mitigate its exposure to currency movements by working with the Group's Treasury department who would, as appropriate, enter into forward currency

Directors' report

contracts, denominated in the same currency as the operating funds flow, to match the exposures anticipated in the business

Employees

The company's policy is to consult and discuss with employees matters likely to affect employee's interests. Information on matters of concern to employees is given through employee quarterly meetings and monthly team briefings and involves all levels of staff. These meetings seek to achieve a common awareness of the financial and economic factors affecting the company's performance.

It is the company's policy to recruit disabled workers for those vacancies that they are able to fill and all necessary assistance with initial training courses given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor is unaware. Having made enquiries of fellow directors and the group auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors and their interests

The directors who held office during the year were as follows:

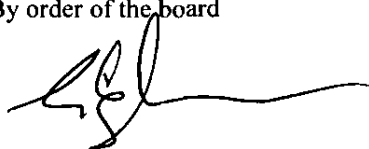
J Fikre
G Hepburn
T Tyson
T Amat

None of the directors in office during the year held any beneficial interests in the share capital of the company during the year.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



17 JAN 2011

J G Hepburn
Director

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws 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). The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those financial statements, 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent Auditor's Report to the Members of Aptuit (Edinburgh) Limited

We have audited the company's financial statements for the year ended 30 September 2009 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Independent Auditor's Report to the Members of Aptuit (Edinburgh) Limited

Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2010 and of the company's profit for the year then ended, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Mark Harvey (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

17 January 2011

Profit and Loss Account

For the year ended 30 September 2010

	Notes	2010 £	2009 £
Turnover	2	81,840,097	61,507,050
Cost of sales		(53,159,039)	(45,764,160)
Gross profit		28,681,058	15,742,890
Operating expenses	3	(20,585,458)	(20,455,687)
Exceptional Item	4	-	14,418,079
Impairment of investments	11	(3,031,314)	-
Operating profit	5	5,064,286	9,705,282
Net interest payable	8	(1,604,082)	(4,985,067)
Profit on ordinary activities before taxation		3,460,204	4,720,215
Taxation	9	278,343	1,268,291
Retained profit for the financial year		3,738,547	5,988,506

Statement of total recognised gains and losses

There are no recognised gains and losses other than the loss for the year and all operations are continuing

The notes on pages 9 to 21 form part of these financial statements

There is no difference between the historical cost profit and loss and the result shown above

Balance Sheet

For the year ended 30 September 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	10	25,962,137	29,889,471
Investment	11	862,943	3,894,257
		<u>26,825,080</u>	<u>33,783,728</u>
Current assets			
Cash at bank and in hand		3,908,367	3,895,426
Stock	12	679,120	964,873
Debtors due within one year	13	38,098,853	86,748,774
		<u>42,686,340</u>	<u>91,609,073</u>
Creditors amounts falling due within one year	14	(41,396,512)	(109,606,326)
Net current assets /(liabilities)		<u>1,289,828</u>	<u>(17,997,253)</u>
Total assets less current liabilities		28,114,908	15,786,475
Creditors amounts falling due after one year	15	(8,873,993)	(160,265)
Provisions for liabilities and charges due after more than one year	17	-	(124,557)
Net Assets		<u>19,240,915</u>	<u>15,501,653</u>
Capital and reserves			
Called up share capital	18	30,000,100	30,000,100
Capital contribution reserve	19	8,508,225	8,508,225
Profit and loss account	19	(19,267,410)	(23,006,672)
Equity shareholders' funds		<u>19,240,915</u>	<u>15,501,653</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


J G Hepburn
Director

17 JAN 2011

The notes on pages 9 to 21 form part of these financial statements

Notes to the Financial Statements

at 30 September 2010

1. Accounting policies

Accounting convention

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

The accounts have been prepared on a going concern basis because Aptuit Inc, the immediate parent company, has confirmed its intention to provide sufficient funds or other financial support to the company to enable it to continue trading and to meet its day to day commitments, properly incurred, for at least a period of 12 months from the date of approval of these financial statements

Transfer of trade and assets from Aptuit (Deeside) Limited

With effect from 30 September 2009 Aptuit (Deeside) Limited, a sister company, transferred its trade and assets to, Aptuit (Edinburgh) Limited as part of a UK group restructuring exercise

The change in legal status did not affect the business operations of Aptuit (Deeside) Limited which continued from the company's Deeside site to provide contract packaging and distribution of clinical trial drug materials within the pharmaceutical industry and related activities

Cash flow statement

As permitted by FRS 1 (Revised), no cash flow statement has been prepared as the company is a wholly owned subsidiary of Aptuit (Wales) Limited, whose group financial statements include a consolidated cash flow statement and are publicly available

Tangible fixed assets

The assets acquired by the company are stated at cost less accumulated depreciation and accumulated impairment losses

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of the intangible assets acquired in business combinations is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year the expenditure is incurred

Intangible assets currently acquired by the group are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for current Aptuit Group intangible assets is 10 years

The amortisation expense on intangible assets is recognised in the income statement in the expense category consistent with the function of the intangible asset

Notes to the Financial Statements

at 30 September 2010

Government Grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on a submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as by income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life. It is calculated on a straight line basis over the following useful lives:

Buildings	- 40 years
Plant and machinery	- 7-10 years
Fixtures, fittings and equipment	- 5-10 years
Computer equipment	- 3-5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be reasonable.

Fixed asset investments

Fixed asset investments, including those in subsidiary and associated undertakings, are included in the balance sheet at cost of investment, unless the directors believe the investment has suffered a permanent diminution in value.

Stocks

Stocks have been valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress

The basis of valuation is direct cost uplifted for attributable overheads. Provision is made for losses on individual contracts.

Amounts payable/recoverable on long term contracts

Customer billings are established by contractual provisions, including predetermined payment schedules, the achievement of contractual milestones or submission of appropriate billing detail. Unbilled services arise when services have been rendered and revenue has been recognised but customers have not been billed. Unbilled accounts receivable represent revenues on contracts to be billed, in subsequent periods, as per the terms of the related contracts. Conversely, unearned revenue represents amounts billed in excess of revenue recognised.

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.

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.

Notes to the Financial Statements

at 30 September 2010

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Leasing and hire purchase agreements

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

The rental costs of all operating leases are charged to the profit and loss account as incurred.

Pensions

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they become payable.

Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and are recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions), if applicable.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as lapsed on the date of cancellation, and any cost previously recognised in the income statement for the award is written back.

Notes to the Financial Statements

at 30 September 2010

Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allotted to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not remeasured in subsequent years.

Transaction costs are apportioned between liability and equity components of the shares based on the allocation of proceeds to liability and equity components when the instruments are first recognised.

Related party transactions

In accordance with the exemption permitted by FRS 8, Related Party Transactions, transactions with fellow wholly owned group companies have not been disclosed.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts receivable for goods and services supplied during the period. A majority of the Group's revenues have been earned under contracts which range in duration from a few months to several years, depending on the service rendered. Service contracts generally take the form of fee-for-service or fixed-price agreements. In the case of fee-for-service contracts, revenue is recognised as contractual milestones are achieved based on output measures recognising our effort as work is incurred.

Turnover is wholly attributable to the principal activity of the company

	2010	2009
	£	£
<i>Analysis by geographical market</i>		
United Kingdom	16,495,522	10,954,893
Rest of Europe	34,949,465	29,451,968
Rest of World	30,395,110	21,100,189
	<u>81,840,097</u>	<u>61,507,050</u>

3. Operating Expenses

	2010	2009
	£	£
Net operating expenses		
Marketing and distribution	531,736	11,376
Contract Services	1,002,546	1,703,944
Computer Expenses	652,884	756,817
Administrative expenses	14,939,031	14,959,272
Management Fee	3,459,261	3,024,278
	<u>20,585,458</u>	<u>20,455,687</u>

Notes to the Financial Statements

at 30 September 2010

4. Exceptional item

	2010	2009
	£	£
Waiver of intercompany loan between Aptuit (Edinburgh) Limited and Aptuit Deeside Limited		17,216,219
Prior Year costs charged by group companies for Services provided	-	(2,798,140)
	<u>-</u>	<u>14,418,079</u>

On 30 September 2009 Aptuit (Deeside) Limited, a sister company, transferred its trade and assets to Aptuit (Edinburgh) Limited as part of a UK group restructuring exercise. The purpose of this restructure was to simplify the company structure and reduce administration costs.

The transfer of this trade was facilitated via an inter company loan from Aptuit (Deeside) Limited to Aptuit (Edinburgh) Limited. As at 30 September 2009 it was agreed by the board of directors of Aptuit (Edinburgh) Limited and Aptuit (Deeside) Limited to waive this loan.

The value of this loan was written off to the income statement of both companies.

Aptuit (Edinburgh) Limited relies on the services of a number of companies within the group to perform its business and these costs are reflected in the management fee levied. The prior year costs shown above relate to retrospective charges to and from Aptuit (Edinburgh) Limited from other Aptuit group companies in financial years 2007 and 2008 which were determined during the 2009 financial year.

5. Operating profit/loss

	2010	2009
	£	£
<i>This is stated after charging/ (crediting)</i>		
Depreciation (note 10)	4,639,170	4,405,375
Loss / (Gain) on disposal of tangible fixed assets	5,440	-
Operating lease rentals - plant and machinery	703,742	314,839
Operating lease rentals - other	1,133,126	1,210,505
Auditors' remuneration - audit services	129,890	260,050
Foreign Exchange (Gain)	506,482	(670,446)

6. Directors' emoluments

	2010	2009
	£	£
Emoluments	214,375	195,750
Company contributions paid to defined contribution pension schemes	13,125	12,656

The Directors' emoluments for three Directors were paid by Aptuit Inc.

	2010	2009
	No.	No.
Members of defined contribution pension schemes	1	1

Notes to the Financial Statements

at 30 September 2010

The number of directors to whom share options were granted over Aptuit Inc shares was as follows

	<i>2010</i>	<i>2009</i>
	<i>No</i>	<i>No.</i>
Options granted	4	4

7. Staff costs

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Wages and salaries	20,088,901	19,210,684
Social security costs	2,385,283	2,284,227
Other pension costs	1,174,178	1,096,403
	23,648,362	22,591,314

“Other Pension Costs” relate to amounts payable to the company defined contribution pension scheme

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

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Directors	1	1
Management and administration	235	347
Production	588	405
	824	753

8. Net interest payable

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Interest receivable on bank deposits	214	22,417
Interest payable on bank loans and overdrafts	(755,115)	(528,606)
Interest payable on loans from group companies	(849,181)	(4,478,878)
Interest payable	(1,604,296)	(5,007,484)
Net interest payable	(1,604,082)	(4,985,067)

Notes to the Financial Statements

at 30 September 2010

9 Tax

(a) Tax on profit on ordinary activities

	2010 £	2009 £
UK Corporation tax		
Corporation tax on profit for the period	-	(1,086,611)
Adjustment in respect of prior periods	(153,786)	(181,680)
Total current tax	(153,786)	(1,268,291)
Original and reversal of timing differences	(120,109)	-
Impact of changes in tax rate	(4,448)	-
Total tax charge	(278,343)	(1,268,291)

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are reconciled below

	2010 £	2009 £
Profit / (loss) on ordinary activities	3,460,204	4,720,215
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	968,857	1,321,660
Disallowable expenses and non-taxable income	1,024,998	(3,718,473)
Depreciation in excess of capital allowances	287,751	372,503
Other timing differences	-	63,136
Utilisation of unrecognised tax losses	(2,281,606)	-
Group relief for nil payment	-	427,170
Unrelieved losses carried forward	-	447,393
Adjustment in Prior Periods	(153,786)	(181,680)
	(153,786)	(1,268,291)

(c) Factors affecting future tax charge

As at 30 September 2010 the company has up to £29million of tax losses available to carry forward. The ability of the company to utilise these losses is dependent upon Aptuit (Edinburgh) Ltd making sufficient taxable profits against which the tax losses could be offset. No deferred tax asset has been recognised at this time as there is insufficient documentation to support such a recognition.

Notes to the Financial Statements

at 30 September 2010

10. Tangible fixed assets

	<i>Freehold Land & Buildings</i>	<i>Plant & machinery</i>	<i>Fixtures & fittings</i>	<i>Assets in the course of Construction</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 October 2009	26,545,018	22,046,828	5,293,063	-	53,884,909
Additions	57,820	158,619	153,084	236,554	606,077
Transfers from group undertakings	-	150,254	-	-	150,254
Disposals	-	(293,050)	(9,311)	-	(302,361)
Reclassifications	154,975	(144,256)	(1,786)	-	8,933
At 30 September 2010	26,757,813	21,918,395	5,435,050	236,554	54,347,812
Depreciation:					
At 1 October 2009	7,058,277	12,585,417	4,351,744	-	23,995,438
Provided during period	1,831,775	2,382,079	425,316	-	4,639,170
Transfers from group undertakings	-	43,647	-	-	43,647
Disposals	-	(287,610)	(9,311)	-	(296,921)
Reclassifications	12,603	(18,349)	10,087	-	4,341
At 30 September 2010	8,902,655	14,705,184	4,777,836	-	28,385,675
Net book value:					
At 30 September 2010	17,855,158	7,213,211	657,214	236,554	25,962,137
Net book value:					
At 30 September 2009	19,486,741	9,461,411	941,319	-	29,889,471

11. Investments

	<i>Subsidiary Undertakings</i>
	£
Cost:	
At 1 October 2009	11,140,542
Additions	-
At 30 September 2010	11,140,542
Amounts Provided:	
At 1 October 2009	(7,246,285)
Provided during the year	(3,031,314)
At 30 September 2010	(10,277,599)
Net Book Value at 30 September 2010	862,943
Net Book Value at 30 September 2009	3,894,257

Notes to the Financial Statements

at 30 September 2010

11. Investments (continued)

Details of the investments in which the company (unless indicated) holds 20% or more of the nominal value of any class of share capital as follows,

Investment	Location	Proportion of Voting rights & Shares held	Nature of business
Aptuit (Glasgow) Ltd	UK	100%	Pharma formulation development
Apt Informatics India Private Ltd	India	Nominal	Pharmaceutical analysis, services and consultancy

Impairment	2010 £	2009 £
Impairment of Goodwill on investment held in Aptuit (Glasgow) Limited	3,031,314	-
	<u>3,031,314</u>	<u>-</u>

12. Stocks

	2010 £	2009 £
Raw materials	567,914	469,209
Work in progress	111,206	495,664
	<u>679,120</u>	<u>964,873</u>

13. Debtors

	2010 £	2009 £
Amounts receivable within one year		
Trade debtors	20,550,276	16,641,595
Amounts owed by group undertakings	9,057,331	60,154,586
Amounts recoverable on contracts	5,823,814	5,751,911
Other debtors	2,061,185	2,956,007
Prepayments and accrued income	606,247	1,244,675
	<u>38,098,853</u>	<u>86,748,774</u>

Notes to the Financial Statements

at 30 September 2010

14. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	5,467,578	8,486,593
Taxation and Social Security	645,158	740,113
Bank loan	8,948,755	9,400,123
Amounts owed to group undertakings	13,694,258	67,201,568
Payments on account	6,046,160	4,682,276
Accruals and deferred income	6,594,603	8,242,071
Loan note owed to group undertaking	-	10,853,582
	<u>41,396,512</u>	<u>109,606,326</u>

The bank loan relates to a revolving credit facility and is secured by a floating charge over the company's assets. The credit facility carried an interest rate of 6.6% on EUR borrowing and 6.2% on USD borrowings as at 30 September 2010.

The principal amount of the unsecured loan notes is £10,853,582. The notes are payable to Aptuit Inc and bear interest on the principal amount together with any accrued but unpaid interest outstanding at the rate equal to 10% per annum. During the year principal of £2,978,710 was repaid and the loan note maturity date was rearranged to 30 September 2020.

15. Creditors: amounts falling due after more than one year

	2010 £	2009 £
Accruals and deferred income	149,939	160,265
Loan note owed to group undertaking	8,724,054	-
	<u>8,873,993</u>	<u>160,265</u>

16. Obligations under leases and hire purchase contracts

Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire				
Within one year	-	-	17,086	42,755
In two to five years	255,000	255,000	179,885	155,799
In over five years	1,343,126	1,367,082	-	-
	<u>1,598,126</u>	<u>1,622,082</u>	<u>196,971</u>	<u>198,554</u>

Notes to the Financial Statements

at 30 September 2010

17. Provisions for liabilities and charges

Deferred tax

	2010 Provided £	2010 Unprovided £	2009 Provided £	2009 Unprovided £
Deferred tax liability / (asset)				
Accelerated capital allowances			4,189,415	
Short term timing difference			(746,083)	
Tax losses		(8,076,842)	(3,314,998)	(4,042,276)
Pension Provision			(3,777)	
	<u>-</u>	<u>(8,076,842)</u>	<u>124,557</u>	<u>(4,042,276)</u>

18. Share capital

The authorised, allotted and fully paid share capital of the group and company consisted of

	Authorised 2010 and 2009 £	Allotted, called up and fully paid 2010 and 2009 £
Equity share capital		
1,000 shares of £1 each	30,000,100	30,000,100

19. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 October 2009	30,000,100	8,508,225	(23,006,672)	15,501,653
Profit for the year	-	-	3,738,547	3,738,547
Share-based payments	-	-	715	715
At 30 September 2010	<u>30,000,100</u>	<u>8,508,225</u>	<u>(19,267,410)</u>	<u>19,240,915</u>

Notes to the Financial Statements

at 30 September 2010

20. Share options

On 9 February 2010 the former share option scheme ("Old Plan") for employees was replaced by its 2009 Omnibus Incentive Plan ("New Plan"). On 9 March 2010, the company awarded restricted units under the New Plan to certain holders under the Old Plan, and upon acceptance of such new restricted units, holders forfeited their old units.

A summary of the status of the Restricted Units during the year is presented below,

	2010 Restricted Units	2009 Restricted Units
Outstanding at 1 October	7,445,000	1,745,000
Granted	2,832,889	6,350,000
Forfeited	(29,987)	(650,000)
Forfeited prior to split	(7,445,000)	-
Outstanding at 30 September	2,802,902	7,445,000

The company recognised total expenses of £715 related to equity-settled share-based payment transactions in 2010 (2009 - £5,590). A forfeiture rate is used in the computation of compensation expense and is estimated based on historical terminations.

Under the Plan, restricted units and options carry both time and performance vesting provisions over a five-year period. Time vesting provisions provide that half of each restricted unit award and option grant vest over the five-year period. The performance vesting provisions provide that the remaining half of each restricted unit award and option is vested and exercisable in the five-year period upon the Company achieving financial performance targets as established by the Board of Managers. For the fiscal year ended September 30, 2010, the performance targets were not met and accordingly no restricted unit awards or option grants vested for such period.

Old Plan

The company had a share option scheme for employees over Aptuit Inc shares. The options were capable of exercise on an Exit Event as defined in the share option scheme rules.

If the options remained unexercised after a period of ten years from the date of grant the options expired. Vested and unvested options are forfeited within 90 days if the employee leaves the company and the vested options are unexercised.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at 1 October 2009	7,445,000		1,745,000	\$1.22
Granted			6,350,000	\$0.38
Forfeited	(7,445,000)	\$0.83	(650,000)	\$1.02
Outstanding at 30 September 2010	0		7,445,000	\$0.53
Exercisable at 30 September 2010			741,000	

The options outstanding at 30 September 2009 had a weighted average exercise price of \$0.53.

Notes to the Financial Statements

at 30 September 2010

The inputs into the Black-Scholes option pricing model are as follows

	2010	2009
Weighted average share price	N/A	\$ 0.53
Weighted average exercise price	N/A	\$ 0.53
Expected volatility	N/A	46.7%
Expected life	N/A	6.5 Years
Risk-free rate	N/A	1.59%

Expected volatility was determined by calculating the historical volatility of the company's comparator group share price from which historical information was available. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

21. Contingent liabilities

As a consequence of corporate restructurings that were completed when Aptuit (Edinburgh) Ltd was owned by Quintiles Ltd the company have certain contingent liabilities in respect of taxation and duties. Any contingent liability can not be reasonably estimated as it is dependent upon the actions and tax elections of Quintiles Limited. However, Aptuit Inc has a warranty from Quintiles Ltd that any liability would be satisfied by them. Aptuit Inc have committed that any such funds received by them in respect of such tax liabilities would be repaid to Aptuit (Edinburgh) Ltd.

22. Pensions

The company makes contributions to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £1,173,949 (2009 - £1,096,403).

At the balance sheet date outstanding contributions amounted to £172,140 (2009 - £190,534).

23. Commitments

The company had no contracted capital expenditure at 30 September 2010 (2009 - £Nil).

24. Subsequent events

In December 2010, Aptuit announced that it will begin a 90-day consultation with employees proposing a phased withdrawal from its Livingston and Riccarton, Scotland sites. If the proposal is implemented, an anticipated phased withdrawal would occur within a 12-month period. The action and timing is dependent on completion of the appropriate consultation process, as well as the completion of contracted work.

25. Ultimate parent undertaking

The ultimate parent undertaking is Aptuit Inc, which is incorporated in the United States of America. The Company's immediate parent undertaking is Aptuit (Wales) Limited.

A copy of the consolidated financial statements of Aptuit (Wales) limited can be obtained from Unit 101 Deeside Industrial Park, Deeside, Flintshire, CH5 2UA.