

Catalent CTS (Edinburgh) Limited
(formerly Aptuit (Edinburgh) Limited)

Report and Financial Statements

For the year ended 30 September 2011



Catalent CTS (Edinburgh) Limited (formerly Aptuit (Edinburgh) Limited)

Registered No 05277708

Directors

J G Hepburn
R Hopson
S Houlton
M Walsh

Secretary

J G Hepburn (resigned 17 February 2012)
R Hopson (appointed 17 February 2012)

Auditors

Ernst & Young LLP
10 George Street
Edinburgh
EH2 2DZ

Bankers

JP Morgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Solicitors

Herbert Smith LLP
Exchange House
Primrose Street
London
EC2A 2HS

Registered Office

Unit 107
Deeside Industrial Park
Deeside
Flintshire
CH5 2UA

Registered No 05277708

Directors' report

The directors present their report and financial statements for the year ended 30 September 2011

On 29 February 2012 the company changed its name to Catalent CTS (Edinburgh) Limited following the sale of the company by Aptuit Inc to Catalent Inc

Results and dividends

The loss for the year for the company, after taxation, amounted to £15,438,686 (2010 profit £3,738,547). The company did not pay a dividend in the year (2010 £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 in relation to its continuing Clinical Supply Service operations which returned an operating profit of £11,069,913 for the year on turnover of £51,713,797. This operating profit was offset by trading losses of £8,978,845 on turnover of £21,416,169 incurred in its discontinued operations at the Company's Oxford, Riccarton and Livingston sites. In addition, net non-operating exceptional one-off closure costs of £14,945,603 (note 4) were booked in relation to the Company's operations at the Riccarton and Livingston sites and the Company booked a £862,942 impairment charge in the year in relation to the carrying value of its investment in Aptuit (Glasgow) Limited.

In March 2011, as a result of the continued worldwide economic downturn and its impact on demand for early stage drug development services, the Company took the decision after a period of consultation to close its Riccarton and Livingston Pre-Clinical and Pharmaceutical Development operations. The closure of the two sites was completed by September 2011. The Company's sister operation, Aptuit (Verona) Srl, acquired the majority of ongoing contracts, moveable tangible assets and the on-going trade of the Riccarton and Livingston sites at the point of closure for a consideration of £4,599,730. A charge of £18,208,928 was booked in relation to the closures comprising £12,956,545 for severance, decontamination and onerous lease costs, asset impairment charges of £5,525,417 partly offset by a gain made on the sale of assets of £273,034.

In addition to the closure of the Riccarton and Livingston sites, in August 2011, the Company committed to the transfer of the trade and assets of its Oxford site to a newly formed group company, Aptuit (Oxford) Limited. All residual assets and obligations in relation to the closed Riccarton and Livingston sites were transferred to a separate newly formed company Aptuit (RicLiv) Limited. These transfers were effected on 21 December 2011 and the results of the Oxford site for the year are reported along with the Riccarton and Livingston results as discontinued operations in the financial statements. The purpose of these transfers were to refocus the business solely on its Clinical Supply Services operations in Bathgate, Scotland and Deeside, Wales which were the subject of a subsequent sale as noted below.

In addition to the above transfers, the Company's investment in Aptuit (Glasgow) Limited which was not part of the wider sale to Catalent Inc was sold by the Company in December 2011 to Aptuit Inc for a consideration of £1. In February 2012, the Company now focused on its Clinical Supply Services business was sold by Aptuit Inc to Catalent Inc.

The directors expect the company to return to profit and growth in the new Financial Year as a result of the closure or transfer of the discontinued operations and its new focus on its profitable and cash generative Clinical Supply Services businesses.

The company continues to receive all necessary financial backing from its new parent company, Catalent Inc.

Registered No 05277708

Directors' report

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 hedging arrangements, 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 the person best suited to the role including 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 all employees.

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:

T Amat (resigned 17 February 2012)

J Fikre (resigned 17 February 2012)

J G Hepburn

S Houlton (appointed 17 February 2012)

R Hopson (appointed 17 February 2012)

T Tyson (resigned 17 February 2012)

M Walsh (appointed 17 February 2012)

Registered No 05277708

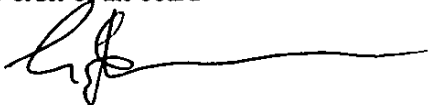
Directors' report

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



J G Hepburn
Director

27 June 2012

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 2011 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 26. 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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Mark Harvey (Senior Statutory Auditor)

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

Edinburgh

27 June 2012

Profit and Loss Account

For the year ended 30 September 2011

	Notes	Continuing Operations 2011 £	Discontinued Operations - 2011 (Note 25) £	Continuing Operations 2010 £	Discontinued Operations - 2010 (Note 25) £
Turnover	2	51,713,797	21,416,169	50,989,325	30,850,772
Cost of sales		(21,375,928)	(17,185,863)	(26,956,312)	(26,202,727)
Gross profit		30,337,869	4,230,306	24,033,013	4,648,045
Operating expenses before exceptional items	3	(19,267,956)	(13,209,151)	(13,235,388)	(7,350,070)
Operating profit/(loss)	5	11,069,913	(8,978,845)	10,797,625	(2,702,025)
Non-operating exceptional items	4	-	(14,945,603)	-	-
(Loss)/profit on ordinary activities before investment income, interest and taxation		11,069,913	(23,924,448)	10,797,625	(2,702,025)
Interest receivable	8	24,432	-	214	-
Impairment of investments	11	(862,942)	-	(3,031,314)	-
Interest payable	8	(1,741,310)	(4,331)	(1,604,296)	-
(Loss)/profit on ordinary activities before taxation		8,490,093	(23,928,779)	6,162,229	(2,702,025)
Taxation	9	-	-	-	-
Retained (loss)/profit for the financial year		(15,438,686)	(23,928,779)	(1,766,057)	(5,404,050)

Profit and Loss Account

For the year ended 30 September 2011

Statement of total recognised gains and losses

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

During the year the company withdrew from its Livingston and Riccarton sites. On 21 December 2011 the company exited its Non-Clinical Trial Supplies business, with all residual assets for the Livingston and Riccarton sites was sold to Aptuit (RicLiv) Limited and the Oxford business was sold to Aptuit (Oxford) Limited. All remaining Clinical Supplies operations are continuing at the Bathgate, Scotland and Deeside, Wales sites.

The notes on pages 11 to 26 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 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	10	14,911,525	25,962,137
Investment	11	1	862,943
		<u>14,911,526</u>	<u>26,825,080</u>
Current assets			
Cash at bank and in hand		4,936,590	3,908,367
Stock	12	837,975	679,120
Debtors due within one year	13	28,814,669	38,098,853
		<u>34,589,234</u>	<u>42,686,340</u>
Liabilities falling due within one year			
Creditors	14	(35,886,250)	(41,396,512)
Finance leases	16	(68,188)	-
Provisions for liabilities and charges	17	(9,483,291)	
Total current liabilities		<u>(45,437,729)</u>	<u>(41,396,512)</u>
Net current assets/(liabilities)		<u>(10,848,495)</u>	<u>1,289,828</u>
Total assets less current liabilities		4,063,031	28,114,908
Liabilities falling due after one year			
Creditors	15	(93,637)	(8,873,993)
Finance leases	16	(148,678)	-
Net Assets		<u>3,820,716</u>	<u>19,240,915</u>
Capital and reserves			
Called up share capital	18/19	30,000,100	30,000,100
Capital contribution reserve	19	8,508,225	8,508,225
Profit and loss account	19	(34,687,609)	(19,267,410)
Equity shareholders' funds		<u>3,820,716</u>	<u>19,240,915</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2012


J G Hepburn
Director

The notes on pages 11 to 26 form part of these financial statements

Notes to the Financial Statements

at 30 September 2011

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 as the Company is expected to return to profit based on its continuing operations and Catalent Inc, the Company's new 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

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

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

Notes to the Financial Statements

at 30 September 2011

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 2011

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 2011

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

	2011 £	2010 £
Analysis by geographical market:		
United Kingdom	15,233,243	16,495,522
Rest of Europe	35,896,663	34,949,465
Rest of World	22,000,060	30,395,110
	73,129,966	81,840,097

3. Operating Expenses

	2011 £	2010 £
Marketing and distribution	378,688	531,736
Contract Services	880,280	1,002,546
Computer Expenses	507,808	652,884
Administrative expenses		
- Administrative expenses	27,918,501	14,939,031
- Impairment of intercompany debtor	2,791,830	-
Management Fee	-	3,459,261
	32,477,107	20,585,458

Notes to the Financial Statements

at 30 September 2011

3. Operating Expenses (continued)

On 10 November 2011 the intercompany debt owed by Aptuit (Glasgow) Limited was cancelled by way of a capital contribution of £2,791,830. As a result the debt was deemed non-recoverable at 30 September 2011 and has been impaired.

4. Exceptional items

	2011	2010
	£	£
Profit on sale of Intangibles	(3,263,325)	-
Cost of closing Riccarton and Livingston sites	18,208,928	-
	14,945,603	-

As a result of the closure of the Riccarton and Livingston sites and other Company restructuring in readiness for the sale of the Company's Clinical Supplies operations by Aptuit Inc to Catalent Inc a number of exceptional items arose.

A consideration of £3,263,325 was received from a sister company, Aptuit (Verona) Srl, for the sale of the Branch of Business in respect of the on-going trade of the Riccarton and Livingston sites. A further £1,336,405 was received as part of this arrangement from Aptuit (Verona) Srl for Machinery, Equipment and Software, resulting in a gain on sale of £273,034.

A charge of £12,956,545 was booked in relation to closure costs for the Riccarton and Livingston sites. The charge included provision for severance, decontamination, decommissioning and future onerous lease and other obligations in respect of the Livingston and Riccarton sites.

Leasehold improvements of £5,525,417 at the Riccarton site were impaired as the site was no longer operational as at 30 September 2011.

5. Operating profit / (loss)

	2011	2010
	£	£
This is stated after charging:		
Depreciation (note 10)	4,645,631	4,639,170
Loss on disposal of tangible fixed assets	35,107	5,440
Operating lease rentals - plant and machinery	579,498	703,742
Operating lease rentals - other	1,319,177	1,133,126
Auditors' remuneration - audit services	174,000	129,890
Foreign Exchange Loss	142,367	506,482

Notes to the Financial Statements

at 30 September 2011

6. Directors' emoluments

	2011	2010
	£	£
Emoluments	<u>195,562</u>	<u>214,375</u>
Company contributions paid to defined contribution pension schemes	<u>13,727</u>	<u>13,125</u>
The Directors emoluments for one Director was paid by the company, the emoluments of the other Directors were paid by Aptuit Inc		
	2011	2010
	No.	No.
Members of defined contribution pension schemes	<u>1</u>	<u>1</u>
The number of directors to whom share options were granted over Aptuit Inc shares was as follows		
	2011	2010
	No.	No.
Options granted	<u>-</u>	<u>4</u>

The remuneration of the highest paid director was £209,289 including £13,727 company contributions paid to a defined contribution pension scheme

7. Staff costs

	2011	2010
	£	£
Wages and salaries	19,195,046	20,088,901
Social security costs	2,394,733	2,385,283
Other pension costs	1,145,273	1,174,178
Bonuses and commission	1,038,258	493,365
Other Benefits	577,748	471,884
	<u>24,351,058</u>	<u>24,613,611</u>

"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

	2011	2010
	No	No.
Directors	1	1
Management and administration	221	235
Production	486	588
	<u>708</u>	<u>824</u>

Notes to the Financial Statements

at 30 September 2011

8. Net interest payable

	2011	2010
	£	£
Interest receivable on bank deposits	-	214
Interest receivable from HM Revenue and Customs	24,432	-
Interest payable on bank loans and overdrafts	(826,482)	(755,115)
Interest payable on loans from group companies	(914,828)	(849,181)
Interest expense on finance leases	(4,331)	-
Interest payable	(1,745,641)	(1,604,296)
Net interest payable	(1,721,209)	(1,604,082)

9. Tax

(a) Tax on profit on ordinary activities

	2011	2010
	£	£
UK Corporation tax		
Corporation tax on profit for the period	-	-
Adjustment in respect of prior periods	-	(153,786)
Total current tax	-	(153,786)
Original and reversal of timing differences	-	(120,109)
Impact of changes in tax rate	-	(4,448)
Total tax charge	-	(278,343)

(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 27% (2010 28%) The differences are reconciled below

	2011	2010
	£	£
Profit / (loss) on ordinary activities	(15,438,686)	3,460,204
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27% (2010 28%)	(4,168,445)	968,857
Disallowable expenses and non-taxable income	4,518,301	1,024,998
Depreciation in excess of capital allowances	2,240,945	287,751
Other timing differences	(49,974)	-
Utilisation of unrecognised tax losses	(1,417,740)	(2,281,606)
Adjustment in Prior Periods	-	(153,786)
Impairment of qualifying fixed assets	(1,123,087)	-
Total current tax	-	(153,786)

Notes to the Financial Statements

at 30 September 2011

9. Tax (continued)

(c) Factors affecting future tax charge

On 23 March 2011 the Chancellor announced a reduction in the main rate of corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of this reduction has been included in the figures above. The rate was further reduced to 25% effective 1 April 2012. This was enacted in July 2011 and the rate is applicable for deferred tax purposes.

On 21 March 2012, the Chancellor subsequently announced that the rate of corporation tax would fall to 24% from 1 April 2012, with subsequent 1% reductions per annum to 22% by 2014.

The Company has tax losses of approximately £21,552,000, accelerated capital allowances of £2,204,000, and other timing differences of £420,000 on which deferred tax has not been recognised due to the uncertainty of the profitability of the company going forward.

10. Tangible fixed assets

	Freehold Land & Buildings	Plant & machinery	Fixtures & fittings	Assets in the course of Construc tion	Total
	£	£	£	£	£
Cost:					
At 1 October 2010	26,757,813	21,918,395	5,435,050	236,554	54,347,812
Additions	140,322	424,471	183,390	247	748,430
Transfers to group undertakings	-	(659,652)	(63,628)	-	(723,280)
Disposals	(315)	(10,065,138)	(2,858,298)	-	(12,923,751)
Impairments	(7,561,883)	-	-	-	(7,561,883)
Reclassifications	23,871	137,136	64,694	(225,701)	-
At 30 September 2011	19,359,808	11,755,212	2,761,208	11,100	33,887,328
Depreciation:					
At 1 October 2010	8,902,655	14,705,184	4,777,836	-	28,385,675
Provided during period	1,852,896	2,367,895	424,840	-	4,645,631
Transfers to group undertakings	-	(429,383)	-	-	(429,383)
Disposals	(32)	(8,769,416)	(2,820,206)	-	(11,589,654)
Impairments	(2,036,466)	-	-	-	(2,036,466)
Reclassifications	(185)	185	-	-	-
At 30 September 2011	8,718,868	7,874,465	2,382,470	-	18,975,803
Net book value:					
At 30 September 2011	10,640,940	3,880,747	378,738	11,100	14,911,525
Net book value:					
At 30 September 2010	17,855,158	7,213,211	657,214	236,554	25,962,137

Notes to the Financial Statements

at 30 September 2011

10. Tangible fixed assets (continued)

The net book value held under finance leases was £227,168 (2010 £nil) Depreciation charged in the period on these assets amounted to £5,409 (2010 nil)

Disposals includes the sale of moveable tangible assets to the Company's sister operation, Aptuit (Verona) Srl, with a net book value of £1,295,272

11. Investments

	Subsidiary Undertakings £
Cost:	
At 1 October 2010	11,140,542
Additions	-
At 30 September 2011	11,140,542
Amounts Provided:	
At 1 October 2010	(10,277,599)
Provided during the year	(862,942)
At 30 September 2011	(11,140,541)
Net Book Value at 30 September 2011	1
Net Book Value at 30 September 2010	862,943

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	2011 £	2010 £
Impairment of Goodwill on investment held in Aptuit (Glasgow) Limited	862,942	3,031,314
	862,942	3,031,314

Notes to the Financial Statements

at 30 September 2011

12. Stocks

	2011 £	2010 £
Raw materials	618,113	567,914
Work in progress	219,862	111,206
	<u>837,975</u>	<u>679,120</u>

13. Debtors

	2011 £	2010 £
Amounts receivable within one year		
Trade debtors	13,813,959	20,550,276
Amounts owed by group undertakings	8,209,479	9,057,331
Amounts recoverable on contracts	4,271,074	5,823,814
Prepayments and accrued income	555,640	606,246
VAT Recoverable	861,459	299,089
Other debtors	1,103,058	1,762,097
	<u>28,814,669</u>	<u>38,098,853</u>

14. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	4,760,370	5,467,578
Taxation and Social Security	130,443	645,158
Bank loan	9,289,664	8,948,755
Amounts owed to group undertakings	1,897,780	13,694,258
Payments on account	4,130,966	6,046,160
Accruals and deferred income	6,037,146	6,594,603
Loan note owed to group undertaking	9,639,881	-
	<u>35,886,250</u>	<u>41,396,512</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 7.3% on EUR borrowing and 6.2% on USD borrowings as at 30 September 2011.

The principal amount of the unsecured loan notes is £7,965,319. 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. The loan was settled as part of the intercompany waiver on 17 Feb 2012 (see Note 24).

Notes to the Financial Statements

at 30 September 2011

15. Creditors: amounts falling due within one year

	2011 £	2010 £
Accruals and deferred income	93,637	149,939
Loan note owed to group undertaking	-	8,724,054
	<u>93,637</u>	<u>8,873,993</u>

16. Obligations under leases and hire purchase contracts

Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire				
Within one year	-	-	11,395	17,086
In two to five years	255,000	255,000	128,109	179,885
In over five years	1,343,126	1,343,126	880	-
	<u>1,598,126</u>	<u>1,598,126</u>	<u>140,384</u>	<u>196,971</u>

The company leases equipment under a long-term finance lease as follows

	2011 £	2010 £
Equipment		
Finance leases which expire		
Within one year	68,188	-
In two to five years	148,678	-
In over five years	-	-
	<u>216,866</u>	<u>-</u>

17. Provisions for liabilities and charges

	Restructuring £	Site decontamination and Closure costs £	Total £
Opening Balance at 1 October 2010	-	-	-
Arising during the year	4,489,097	8,467,448	12,956,545
Utilised during the year	(3,151,445)	(321,809)	(3,473,254)
Closing Balance at 30 September 2011	<u>1,337,652</u>	<u>8,145,639</u>	<u>9,483,291</u>

Notes to the Financial Statements

at 30 September 2011

17. Provisions for liabilities and charges (continued)

The provision for liabilities and charges of £9,483,291 represent the costs incurred or an assessment of future potential liabilities in relation to the closure of the Riccarton and Livingston sites. The charge represents closure costs, including severance, decommissioning and decontamination along with an assessment of future onerous lease obligations in respect of the Riccarton site. All provisions are expected to be settled within one year.

Deferred tax

	2011 Provided	2011 Unprovided	2010 Provided	2010 Unprovided
	£	£	£	£
Deferred tax liability / (asset)	-	(551,009)	3,228,602	-
Accelerated capital allowances	-	(104,935)	(148,456)	-
Short term timing difference	-	(5,388,149)	(3,080,146)	(4,014,531)
Tax losses	-	-	-	-
Pension Provision	-	-	-	-
	<u>-</u>	<u>(6,044,093)</u>	<u>-</u>	<u>(4,014,531)</u>

18. Share capital

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

	Authorised 2011 and 2011	Allotted, called up and fully paid 2011 and 2010
	£	£
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 2010	30,000,100	8,508,225	(19,267,410)	19,240,915
Profit for the year	-	-	(15,438,686)	(15,438,686)
Share-based payments	-	-	18,487	18,487
At 30 September 2011	<u>30,000,100</u>	<u>8,508,225</u>	<u>(34,687,609)</u>	<u>3,820,716</u>

Notes to the Financial Statements

at 30 September 2011

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,

	2011 Restricted Units	2010 Restricted Units
Outstanding at 1 October	2,516,656	7,445,000
Vested	251,666	
Granted	-	2,546,643
Forfeited	(282,158)	(29,987)
Forfeited prior to split	-	(7,445,000)
Outstanding at 30 September	2,486,164	2,516,656

The company recognised total expenses of £18,487 related to equity-settled share-based payment transactions in 2011 (2010 £715). 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, 2011, shares were vested for a period and were granted in 20 January 2012.

Further to the sale of the company on 17 February 2012 (see Note 23), all remaining unvested units were cancelled. All vested units remain in place and are linked to the future performance of Aptuit LLC.

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.

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at 1 October	-		7,445,000	
Granted	-			
Forfeited	-	-	(7,445,000)	\$0.83
Outstanding at 30 September	-		-	
Exercisable at 30 September	-		-	

Notes to the Financial Statements

at 30 September 2011

21. Contingent liabilities

There were no contingent liabilities as at 30 September 2011

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 £1,145,273 (2010 £1,174,178)

At the balance sheet date outstanding contributions amounted to £166,373 (2010 £172,140)

23. Commitments

The company had no contracted capital expenditure at 30 September 2011 (2010 £Nil)

24. Post Balance Sheet Events

In readiness for the sale by Aptuit Inc to Catalent Inc of the Company and its Clinical Supplies operations on 17 February 2012, a number of post balance sheet events arose. The purpose of these transactions was to transfer all activities which were not the subject of the sale to other group companies.

The transactions that occurred after 30 September 2011 were as follows,

- 10 November 2011 - The company capitalised all of the £8,508,225 capital contribution reserve and increased its share capital by the bonus issue of additional ordinary shares in the capital of the Company to the parent Catalent CTS (Wales) Limited, formerly Aptuit (Wales) Limited. In doing so the capital contribution reserve was reduced to nil; 34,000,000 ordinary shares of £1.00 held by the parent Catalent CTS (Wales) Limited were cancelled and extinguished for no consideration to effect a capital reduction and increase distributable reserves,
- 10 November 2011 - The intercompany debts of £2.8 million owing to the company by Aptuit (Glasgow) Limited was released and considered satisfied by the company in consideration of the issue to it of 280,000,000 ordinary shares of £0.01 each in the capital of Aptuit (Glasgow) Limited,
- 6 December 2011 - The 280,095,000 shares of £0.01 each held in Aptuit (Glasgow) Limited by the company were transferred to Aptuit Inc for a fair market value consideration of £1,
- 21 December 2011 - The non-Clinical Supplies operations and assets at the Oxford site was sold to Aptuit (Oxford) Limited for a consideration of £16.8 million. Net assets sold were £6.0 million, resulting in a gain on sale of £10.8 million. Consideration was offset against intercompany debts owed by Aptuit (Oxford) Ltd,
- 21 December 2011 - The residual non-Clinical Supplies operations and assets at the Livingston and Riccarton sites was sold to Aptuit (RicLiv) Limited. Net consideration paid by the company to Aptuit (RicLiv) Limited of £6.5 million included the reverse surrender of its future liabilities for the Riccarton site of £7.2 million offset by £0.7m consideration for the Livingston site's heritable property. Consideration was offset against intercompany debts owed by Aptuit (RicLiv) Ltd, and

Notes to the Financial Statements

at 30 September 2011

24. Post Balance Sheet Events (continued)

- 16 February 2012 - Aptuit Inc sold its non-Clinical Supplies operations to Aptuit LLC. This included its investments in Aptuit (Oxford) Limited, Aptuit (RicLiv) Limited and Aptuit (Glasgow) Limited. As part of this transaction intercompany debts were settled, waived or cancelled. Intercompany debts owed by Aptuit (RicLiv) Limited were transferred to Aptuit (Oxford) Limited. Net intercompany debts owed by Aptuit (Oxford) Limited of £3.2 million and Aptuit (Glasgow) Limited of £252k were waived by the Company.

25. Discontinued operations

Profit and Loss Account for the year ended 31 September 2011	Riccarton/Livingston £	Oxford £	TOTAL £
<i>Turnover</i>	12,679,172	8,736,997	21,416,169
Cost of sales	(8,791,988)	(8,393,875)	(17,185,863)
<i>Gross profit</i>	<u>3,887,184</u>	<u>343,122</u>	<u>4,230,306</u>
Operating expenses before exceptional items	(9,045,820)	(4,163,331)	(13,209,151)
Exceptional Items	-	-	-
<i>Operating profit</i>	<u>(5,158,636)</u>	<u>(3,820,209)</u>	<u>(8,978,845)</u>
Non-operating exceptional items	(14,945,603)		(14,945,603)
Net interest payable	-	(4,331)	(4,331)
<i>Profit on ordinary activities before taxation</i>	<u>(20,104,239)</u>	<u>(3,824,540)</u>	<u>(23,928,779)</u>

Profit and Loss Account for the year ended 31 September 2010	Riccarton/Livingston £	Oxford £	TOTAL £
<i>Turnover</i>	18,816,820	12,033,952	30,850,772
Cost of sales	(15,379,232)	(10,823,495)	(26,202,727)
<i>Gross profit</i>	<u>3,437,588</u>	<u>1,210,457</u>	<u>4,648,045</u>
Operating expenses before exceptional items	(5,559,584)	(1,790,486)	(7,350,070)
<i>Operating profit</i>	<u>(2,121,996)</u>	<u>(580,029)</u>	<u>(2,702,025)</u>
<i>Profit on ordinary activities before taxation</i>	<u>(2,121,996)</u>	<u>(580,029)</u>	<u>(2,702,025)</u>

Notes to the Financial Statements

at 30 September 2011

26. Ultimate parent undertaking

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

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