

Registration number 3166262

**M W Encap (Holdings) Limited**  
**Directors' report and financial statements**  
**for the period ended 31 December 2013**

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**M W Encap (Holdings) Limited**

**Company information**

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

## **M W Encap (Holdings) Limited**

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**M W Encap (Holdings) Limited**  
**Strategic report**  
**for the period ended 31 December 2013**

The directors present their report and the consolidated financial statements of MW Encap (Holdings) Limited for the 8 month period ended 31 December 2013.

**Main Business Objectives**

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

**Business Model/Strategy**

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

**Financial Risk Management and Policies**

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

The group has a long history with its commercial clients and there is no history of bad debts. No single commercial client is greater than 10% with total revenues. Nevertheless, the group maintain contact with all commercial clients and monitor for any signs of change of control or instability. The group's Development services business is split across a relatively large number of clients (> 30). There is one single late stage client which is currently ~ 20% of total revenues. As this project progresses to commercial manufacture then this will reduce to < 10%.

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

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

**Review of the Business**

As included in the Profit and Loss Account, the turnover for the period under review (May to Dec 2013) amounted to £5,884,059 (year to Apr 2013: £7,530,325). This figure consists of the value of development and manufacturing services to clients. The profit before taxation amounted to £1,075,311 (18%) (year to Apr 2013: £1,291,111 (17%)), which was higher than that achieved in the previous reporting period.

**M W Encap (Holdings) Limited**  
**Strategic report**  
**for the period ended 31 December 2013**

..... continued

**Environmental, Health and Safety (EHS)**

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

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

The group has a written policy covering each of the above three elements and it is the group's Site Management responsibility to implement this policy and Capsugel ~~Holdings~~ SA EHS Management System.

This report was approved by the Board on 25 Sep 2014 and signed on its behalf by

  
**John De Grandpre**  
Secretary

**M W Encap (Holdings) Limited**  
**Directors' report**  
**for the period ended 31 December 2013**

**Dividend**

The directors do not recommend payment of a final dividend.

**Directors**

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

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

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**

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

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

**M W Encap (Holdings) Limited**

**Directors' report  
for the period ended 31 December 2013**

..... continued

**Strategic Report**

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

**Auditors**

KPMG LLP are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 25 Sep 2014 and signed on its behalf by



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



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

We have audited the financial statements of M W Encap (Holdings) Limited for the 8 month period ended 31 December 2013 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the groups members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the 8 month period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006.**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial 8 month period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception.**

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

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





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

.....continued

A handwritten signature in black ink, appearing to read 'Hugh Harvie', written over a dotted line.

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

Date 30.9.14

**M W Encap (Holdings) Limited**

**Consolidated Profit and loss account  
for the 8 month period ended 31 December 2013**

		<b>Group Period ended 31/12/13</b>	<b>Group Year ended 30/04/13</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	5,884,059	7,530,325
Cost of sales		(1,904,521)	(2,157,471)
<b>Gross profit</b>		3,979,538	5,372,854
Distribution costs		(153,888)	(241,492)
Administrative expenses		(2,748,167)	(3,840,146)
Other operating income		9,047	14,470
<b>Operating profit</b>	<b>3</b>	1,086,530	1,305,686
Other interest receivable and similar income	<b>5</b>	1,801	7,314
Interest payable and similar charges	<b>6</b>	(13,020)	(21,889)
<b>Profit on ordinary activities before taxation</b>		1,075,311	1,291,111
Tax on profit on ordinary activities	<b>9</b>	(199,687)	120,327
<b>Profit for the period</b>	<b>18</b>	875,624	1,411,438

There are no recognised gains or losses other than the profit or loss for the above two financial periods.

The operating profit relates entirely to continuing activities.

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

**M W Encap (Holdings) Limited**

**Consolidated Balance sheet  
as at 31 December 2013**

		<b>31/12/13</b>		<b>30/04/13</b>	
	<b>Notes</b>	<b>Group £</b>	<b>Company £</b>	<b>Group £</b>	<b>Company £</b>
<b>Fixed assets</b>					
Tangible assets	10	2,786,732	-	2,209,258	-
Investments	11	-	814,875	-	814,875
		<u>2,786,732</u>	<u>814,875</u>	<u>2,209,258</u>	<u>814,875</u>
<b>Current assets</b>					
Stocks	12	482,607	-	403,337	-
Debtors	13	3,444,156	-	2,294,943	-
Cash at bank and in hand		496,049	-	654,439	-
		<u>4,422,812</u>	<u>-</u>	<u>3,352,719</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	14	(1,487,214)	-	(655,585)	-
<b>Net current assets</b>		<u>2,935,598</u>	<u>-</u>	<u>2,697,134</u>	<u>-</u>
<b>Total assets less current liabilities</b>		5,722,330	814,875	4,906,392	814,875
<b>Creditors: amounts falling due after more than one year</b>	15	(109,237)	-	(162,875)	-
<b>Provisions for liabilities</b>	16	(145,528)	-	(151,576)	-
<b>Net assets</b>		<u>5,467,565</u>	<u>814,875</u>	<u>4,591,941</u>	<u>814,875</u>
<b>Capital and reserves</b>					
Called up share capital	17	146,615	146,615	146,615	146,615
Share premium account	18	668,260	668,260	668,260	668,260
Profit and loss account	18	4,652,690	-	3,777,066	-
<b>Shareholders' funds</b>	19	<u>5,467,565</u>	<u>814,875</u>	<u>4,591,941</u>	<u>814,875</u>

The financial statements were approved by the Board on 25 Sep 2014 and signed on its behalf by

Stephen Brown  
Director

*Stephen Brown*

Registration number 3166262

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

**M W Encap (Holdings) Limited**

**Cash flow statement  
for the 8 month period ended 31 December 2013**

		Period ended 31/12/13 £	Year ended 30/04/13 £
	Notes		
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		1,086,530	1,305,686
Depreciation		322,269	466,621
(Gain)/loss on disposal of fixed assets		(12,000)	452
(Increase) in stocks		(79,270)	(20,645)
(Increase) in debtors		(1,149,213)	(564,941)
Increase/(decrease) in creditors		677,463	(60,117)
<b>Net cash inflow from operating activities</b>		<u>845,779</u>	<u>1,127,056</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		845,779	1,127,056
Returns on investments and servicing of finance	21	(11,219)	(14,575)
Taxation	21	-	(95,785)
Capital expenditure	21	(887,743)	(237,318)
		(53,183)	779,378
Equity dividends paid		-	(300,000)
		(53,183)	479,378
Financing	21	(105,207)	(221,594)
<b>Decrease in cash in the period</b>		<u>(158,390)</u>	<u>257,784</u>
<b>Reconciliation of net cash flow to movement in net debt (Note 22)</b>			
<b>Decrease in cash in the period</b>		(158,390)	257,784
Cash inflow from increase in debts and lease financing		105,207	234,354
Change in net debt resulting from cash flows		(53,183)	492,138
New finance leases and hire purchase contracts		-	(218,597)
<b>Movement in net debt in the period</b>		(53,183)	273,541
<b>Net funds at 1 May 2013</b>		345,328	71,787
<b>Net funds at 31 December 2013</b>		<u>292,145</u>	<u>345,328</u>

**M W Encap (Holdings) Limited**  
**Notes to the financial statements**  
**for the 8 month period ended 31 December 2013**

**1. Accounting policies**

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

**1.1. Basis of preparation**

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

**Going concern**

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

**Consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to the 8 month period ended 31st December 2013.

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

**1.2. Revenue recognition**

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

**1.3. Research and development**

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

**1.4. Tangible fixed assets and depreciation**

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

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

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

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**1.5. Leasing and hire purchase commitments**

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

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**1.6. Stock and work in progress**

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

**1.7. Pensions**

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

**1.8. Deferred taxation**

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

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

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

**1.9. Foreign currencies**

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

**1.10. Government grants**

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

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

**2. Turnover**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 31/12/12 £</b>
<b>Class of business</b>		
Production	1,552,614	3,622,379
Development	4,331,445	3,857,730
Carriage	-	50,216
	<u>5,884,059</u>	<u>7,530,325</u>
<b>Geographical market</b>		
UK	1,529,752	1,671,539
Europe	1,193,282	2,919,668
Rest of the World	3,161,025	2,939,118
	<u>5,884,059</u>	<u>7,530,325</u>

**3. Operating profit**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 30/04/13 £</b>
Operating profit is stated after charging:		
Depreciation		
- written off owned tangible fixed assets	274,104	349,186
- written off tangible fixed assets on HP/Finance lease	48,165	117,435
Loss on disposal of tangible fixed assets	-	452
Net foreign exchange loss	659	2,985
Operating lease rentals		
- Plant and machinery	2,975	4,437
- Land and buildings	112,221	176,464
- Office equipment	4,528	9,044
Auditors' remuneration (Note 4)	17,000	15,696
	<u>17,000</u>	<u>15,696</u>
and after crediting:		
Profit on disposal of tangible fixed assets	12,000	-
Government grants	9,047	14,470
	<u>9,047</u>	<u>14,470</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

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**4. Auditors' remuneration**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 30/04/13 £</b>
Auditors' remuneration - audit of the financial statements	<u>17,000</u>	<u>15,696</u>

**5. Interest receivable and similar income**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 30/04/13 £</b>
Bank interest	<u>1,801</u>	<u>7,314</u>

**6. Interest payable and similar charges**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 30/04/13 £</b>
Bank loan	-	564
Hire purchase interest	<u>13,020</u>	<u>21,325</u>
	<u>13,020</u>	<u>21,889</u>



**M W Encap (Holdings) Limited**  
**Notes to the financial statements**  
**for the 8 month period ended 31 December 2013**

..... continued

**7. Employees**

	<b>Period ended 31/12/13 Number</b>	<b>Year ended 30/04/13 Number</b>
<b>Number of employees</b>		
The average monthly numbers of employees (including the directors) during the period were:		
Direct staff, supervisory and administration	<u>81</u>	<u>70</u>
<b>Employment costs</b>	<b>31/12/13 £</b>	<b>30/04/13 £</b>
Wages and salaries	1,804,832	2,396,961
Social security costs	172,799	300,337
Pension costs-other operating charge	97,253	142,373
	<u>2,074,884</u>	<u>2,839,671</u>

**7.1. Directors' remuneration**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 30/04/13 £</b>
Remuneration and other emoluments	103,995	786,339
Pension contributions	13,260	49,543
	<u>117,255</u>	<u>835,882</u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>5</u>

**8. Pension costs**

MW Encap Limited operates a money purchase pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year was £97,253 (30 April 2013 - £142,373).

**M W Encap (Holdings) Limited**  
**Notes to the financial statements**  
**for the 8 month period ended 31 December 2013**

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**9. Tax on profit on ordinary activities**

	Period ended 31/12/13 £	Year ended 30/04/13 £
<b>Analysis of charge in period</b>		
<b>Current tax</b>		
UK corporation tax	205,735	-
Adjustments in respect of previous periods	-	(95,785)
	<u>205,735</u>	<u>(95,785)</u>
Total current tax charge	<u>205,735</u>	<u>(95,785)</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	15,781	(24,542)
Effect of changes in tax rates	(21,829)	-
	<u>(6,048)</u>	<u>(24,542)</u>
Total deferred tax	<u>(6,048)</u>	<u>(24,542)</u>
Tax on profit on ordinary activities	<u>199,687</u>	<u>(120,327)</u>

**Factors affecting tax charge for period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (23.00 per cent). The differences are explained below:

	31/12/13 £	30/04/13 £
Profit on ordinary activities before taxation	<u>1,075,311</u>	<u>1,291,111</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.00% (30 April 2013 : 23.92%)	247,322	308,834
<b>Effects of:</b>		
Expenses not deductible for tax purposes	16,086	2,334
Capital allowances for period in excess of depreciation	(13,928)	31,118
Adjustments to tax charge in respect of previous periods	-	(5,451)
R & D relief enhancement	(41,891)	(75,906)
Exercise of EMI options	-	(358,642)
Losses (utilised)/carried forward	<u>(1,854)</u>	<u>1,928</u>
Current tax charge for period	<u>205,735</u>	<u>(95,785)</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance date.

<b>10. Tangible fixed assets</b>	<b>Land and buildings freehold</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>				
<b>Cost</b>				
At 1 May 2013	818,761	4,982,192	209,057	6,010,010
Additions	416,438	428,136	72,400	916,974
Disposals	-	(18,036)	-	(18,036)
At 31 December 2013	<u>1,235,199</u>	<u>5,392,292</u>	<u>281,457</u>	<u>6,908,948</u>
<b>Depreciation</b>				
At 1 May 2013	373,483	3,241,701	185,568	3,800,752
On disposals	-	(805)	-	(805)
Charge for the period	60,113	248,090	14,066	322,269
At 31 December 2013	<u>433,596</u>	<u>3,488,986</u>	<u>199,634</u>	<u>4,122,216</u>
<b>Net book values</b>				
At 31 December 2013	<u>801,603</u>	<u>1,903,306</u>	<u>81,823</u>	<u>2,786,732</u>
At 30 April 2013	<u>445,278</u>	<u>1,740,491</u>	<u>23,489</u>	<u>2,209,258</u>

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

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

<b>Asset description</b>	<b>31/12/13</b>		<b>30/04/13</b>	
	<b>Net</b>	<b>Depreciation</b>	<b>Net</b>	<b>Depreciation</b>
	<b>book value</b>	<b>charge</b>	<b>book value</b>	<b>charge</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Plant and machinery	<u>287,059</u>	<u>48,165</u>	<u>425,012</u>	<u>117,435</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

**11. Fixed asset investments**

	Subsidiary undertakings shares £	Subsidiary undertakings loans £	Total £
<b>Company</b>			
<b>Cost</b>			
At beginning and end of period	301,000	513,875	814,875
<b>Provisions</b>			
At beginning and end of period	-	-	-
<b>Net book values</b>			
At 31 December 2013	301,000	513,875	814,875
At 30 April 2013	301,000	513,875	814,875

**11.1. Holdings of 20% or more**

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

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

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the period £
MW Encap Limited	4,953,690	875,624

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

**12. Stocks**

	<b>Group 31/12/13 £</b>	<b>Group 30/04/13 £</b>
Raw materials and consumables	478,652	373,618
Work in progress	3,955	29,719
	<u>482,607</u>	<u>403,337</u>

**13. Debtors**

	<b>Group 31/12/13 £</b>	<b>Group 30/04/13 £</b>
Trade debtors	1,995,032	1,348,163
Other debtors	1,236,929	806,223
Prepayments and accrued income	212,195	140,557
	<u>3,444,156</u>	<u>2,294,943</u>

**14. Creditors: amounts falling due  
within one year**

	<b>Group 31/12/13 £</b>	<b>Group 30/04/13 £</b>
Net obligations under finance leases and hire purchase contracts	94,667	146,236
Trade creditors	606,717	158,538
Credit card liability	14,525	8,685
Corporation tax	205,735	-
Other taxes and social security costs	77,869	62,876
Other creditors	154,682	168,841
Accruals and deferred income	333,019	110,409
	<u>1,487,214</u>	<u>655,585</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

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

	<b>Group 31/12/13 £</b>	<b>Group 30/04/13 £</b>
Net obligations under finance leases and hire purchase contracts	<u>109,237</u>	<u>162,875</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	94,667	146,236
Repayable between two and five years	<u>109,237</u>	<u>162,875</u>
	<u>203,904</u>	<u>309,111</u>

**16. Provisions for liabilities**

	<b>Deferred taxation £</b>	<b>Total £</b>
At beginning of period	151,576	151,576
Credit to profit and loss account for the period	<u>(6,048)</u>	<u>(6,048)</u>
At end of period	<u>145,528</u>	<u>145,528</u>

**The elements of deferred taxation are as follows:**

	<b>31/12/13 2013 £</b>	<b>30/04/13 2012 £</b>
Accelerated capital allowances	145,528	153,430
Tax losses carried forward	<u>-</u>	<u>(1,854)</u>
Provision for deferred tax	<u>145,528</u>	<u>151,576</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

<b>17. Share capital</b>	<b>31/12/13</b>	<b>30/04/13</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
146,615 Ordinary shares of £1 each	<u>146,615</u>	<u>146,615</u>
<b>Equity Shares</b>		
146,615 Ordinary shares of £1 each	<u>146,615</u>	<u>146,615</u>
<b>18. Equity Reserves - Group</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
		<b>Total</b>
		<b>£</b>
<b>At 1 May 2013</b>	668,260	3,777,066
Profit for the period	-	875,624
	<u>668,260</u>	<u>4,652,690</u>
<b>At 31 December 2013</b>	<u>668,260</u>	<u>5,320,950</u>
<b>Equity Reserves - Company</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
		<b>Total</b>
		<b>£</b>
<b>At 1 May 2013</b>	<u>668,260</u>	<u>-</u>
<b>At 31 December 2013</b>	<u>668,260</u>	<u>-</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

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**19. Reconciliation of movements in shareholders' funds**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>31/12/13</b>	<b>31/12/13</b>	<b>30/04/13</b>	<b>30/04/13</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Profit for the period	875,624	-	1,411,438	300,000
Equity Dividends Paid	-	-	(300,000)	(300,000)
	<u>875,624</u>	<u>-</u>	<u>1,111,438</u>	<u>-</u>
Net proceeds of equity share issue	-	-	12,760	12,760
	<u>875,624</u>	<u>-</u>	<u>1,124,198</u>	<u>12,760</u>
Net addition to shareholders' funds	4,591,941	814,875	3,467,743	802,115
Opening shareholders' funds	<u>5,467,565</u>	<u>814,875</u>	<u>4,591,941</u>	<u>814,875</u>
Closing shareholders' funds	<u>5,467,565</u>	<u>814,875</u>	<u>4,591,941</u>	<u>814,875</u>

**20. Financial commitments**

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>31/12/13</b>	<b>30/04/13</b>	<b>31/12/13</b>	<b>30/04/13</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within one year	-	-	-	-
Between two and five years	-	-	10,600	10,600
In over five years	176,000	176,000	-	-
	<u>176,000</u>	<u>176,000</u>	<u>10,600</u>	<u>10,600</u>



**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

**21. Gross cash flows**

	<b>Group 31/12/13 £</b>	<b>Group 30/04/13 £</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	1,801	7,314
Interest paid	(13,020)	(21,889)
	<u>(11,219)</u>	<u>(14,575)</u>
<b>Taxation</b>		
Corporation tax paid	-	(95,785)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(916,974)	(238,024)
Receipts from sales of tangible assets	29,231	706
	<u>(887,743)</u>	<u>(237,318)</u>
<b>Financing</b>		
Issue of ordinary share capital	-	12,760
Repayment of short term bank loan	-	(74,764)
Capital element of finance leases and hire purchase contracts	(105,207)	(159,590)
	<u>(105,207)</u>	<u>(221,594)</u>

**22. Analysis of changes in net funds**

<b>Group:</b>	<b>Opening balance £</b>	<b>Cash flows £</b>	<b>Closing balance £</b>
Cash at bank and in hand	654,439	(158,390)	496,049
Finance leases and hire purchase contracts	(309,111)	105,207	(203,904)
<b>Net funds</b>	<u>345,328</u>	<u>(53,183)</u>	<u>292,145</u>

**M W Encap (Holdings) Limited**

**Notes to the financial statements  
for the 8 month period ended 31 December 2013**

..... continued

**23. Ultimate parent undertaking**

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

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

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

**M W Encap (Holdings) Limited**

**The following pages do not form part of the statutory accounts and as a result the  
information is unaudited.**

**M W Encap (Holdings) Limited**

**Detailed trading profit and loss account  
for the period ended 31 December 2013**

	<b>Period ended 31/12/13</b>		<b>Year ended 30/04/13</b>	
	£	£	£	£
<b>Sales</b>				
Production - UK		377,142		566,153
Development - UK		1,152,610		1,040,864
Carriage - UK		-		6,289
Consumables - UK		-		58,233
Production - Europe		1,059,048		2,802,758
Development - Europe		134,234		82,535
Carriage - Europe		-		7,937
Consumables - Europe		-		26,438
Sales type A - Rest of World		116,424		-
Development - Rest of World		3,044,601		2,734,331
Carriage - Rest of World		-		35,990
Consumables - Rest of World		-		168,797
		<u>5,884,059</u>		<u>7,530,325</u>
<b>Cost of sales</b>				
Opening work in progress	29,719		17,225	
Opening raw material stock	373,618		365,467	
Materials	812,270		852,483	
Wages and salaries	729,356		860,502	
Carriage inwards	75,823		94,206	
Waste disposal	11,646		12,876	
Material testing	91,801		106,297	
Laboratory consumables	167,867		168,719	
Licences and regulatory visits	95,028		83,033	
	<u>2,387,128</u>		<u>2,560,808</u>	
Closing work in progress	(3,955)		(29,719)	
Closing raw material stock	<u>(478,652)</u>		<u>(373,618)</u>	
		<u>(1,904,521)</u>		<u>(2,157,471)</u>
<b>Gross profit</b>	68%	3,979,538	71%	5,372,854
<b>Distribution costs</b>		153,888		241,492
<b>Administrative expenses</b>		<u>2,748,167</u>		<u>3,840,146</u>
		<u>(2,902,055)</u>		<u>(4,081,638)</u>
		1,077,483		1,291,216

**M W Encap (Holdings) Limited**

**Detailed trading profit and loss account  
for the period ended 31 December 2013**

	<b>Period ended 31/12/13</b>		<b>Year ended 30/04/13</b>	
	£	£	£	£
<b>Other operating income</b>				
Government grants	9,047		14,470	
		9,047		14,470
<b>Operating profit</b>	18%	1,086,530	17%	1,305,686
<b>Other income and expenses</b>				
<b>Interest receivable</b>				
Bank deposit interest	1,801		7,314	
		1,801		7,314
<b>Interest payable</b>				
Interest on loans repayable in more than 5 years	-		564	
HP interest and fin. lease charges	13,020		21,325	
		(13,020)		(21,889)
<b>Net profit for the period</b>		1,075,311		1,291,111

**M W Encap (Holdings) Limited**

**Distribution costs and administrative expenses  
for the period ended 31 December 2013**

	<b>Period ended 31/12/13 £</b>	<b>Year ended 30/04/13 £</b>
<b>Distribution costs</b>		
Marketing and advertising	142,918	220,123
Exhibition costs	10,970	21,369
	<u>153,888</u>	<u>241,492</u>
<b>Administrative expenses</b>		
Wages and salaries	973,150	759,602
Directors' remuneration	102,326	776,857
Employer's NI contributions	172,799	300,337
Directors' pension costs	13,260	49,543
Staff pension costs	83,993	92,830
Staff training	12,640	12,250
Recruitment expenses	52,989	58,767
Staff healthcare	18,825	33,634
Rent	112,221	176,464
Rates	86,136	103,523
Service charges	6,533	8,851
Insurance	41,342	57,285
Leasing of plant and machinery	2,975	4,437
Leasing of office equipment	4,528	9,044
Light and heat	289,515	383,095
Cleaning	15,836	20,330
Repairs and maintenance	116,622	136,899
Printing, postage and stationery	14,637	16,018
Telephone	20,838	27,515
Computer costs	36,004	23,284
Hire of equipment	10,587	12,877
Motor expenses	-	6,061
Travelling and hotels	136,121	126,871
Entertaining	9,772	9,501
Legal and professional	67,621	128,955
Auditor's remuneration	17,000	15,696
Bank charges	4,574	5,207
Loss on exchange	659	2,985
Canteen	2,914	3,834
General expenses	6,020	5,328
Subscriptions	5,461	5,193
Depreciation on leasehold property	60,113	63,356
Depreciation on plant and machinery	248,090	387,893
Depreciation on fixtures & equipment	14,066	15,372
Profits/losses on disposal of tangible assets	(12,000)	452
	<u>2,748,167</u>	<u>3,840,146</u>