REGISTRAR OF COMPANIES

Aptiv Solutions (UK) Limited

Annual report and financial statements

for the year ended 31 December 2013

Registered number 03735819

SATURDAY

R3ZRUBXL

RM 24/01/2015 #6

COMPANIES HOUSE

Company Information

Directors	C Belcher C Nowell M Gleeson (appointed 7 May 2014) S Holmes (appointed 7 May 2014) D Cunningham (appointed 7 May 2014)
Company secretary	E Fox (appointed 7 May 2014)
Registered number	03735819
Registered office	100 Milton Park Milton Abingdon Oxfordshire OX14 4RY
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

Directors' report
for the year ended 31 December 2013

The directors present their Directors' report together with the Strategic report and the financial statements of Aptiv Solutions (UK) Limited ('the company) for the year ended 31 December 2013

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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

Directors

The directors who served during the year were as follows

J A Devlin (resigned 31 January 2014)
P Birch (resigned 7 May 2014)
P Donnelly (resigned 7 May 2014)
D Black (resigned 7 May 2014)
M Bond (resigned 7 May 2014)
C Belcher
A Weston (resigned 31 May 2014)
L Goodman (resigned 7 May 2014)
C Nowell

The directors appointed after the year end were

M Gleeson (appointed 7 May 2014)
S Holmes (appointed 7 May 2014)
D Cunningham (appointed 7 May 2014)
N Murphy (appointed 7 May 2014 and resigned 31 October 2014)

Directors' report
for the year ended 31 December 2013

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

This report was approved by the board on 16 January 2015 and signed on its behalf

Michael Gleeson

M Gleeson
Director

Strategic report
for the year ended 31 December 2013

Principal activities

The Company's principal activities are the provision of clinical trial services and strategic outsourcing services to the pharmaceutical industry

Business review

Effective 7th May 2014, Aptiv Solutions Inc, Aptiv Solutions (UK) Limited's immediate parent was acquired by the ICON group This has increased the level of qualified professional, scientific and technical operating staff available to the company, which will allow the company to expand business development and grow as part of a global organisation

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks Whilst the Clinical Research business sector remains buoyant, the management team are aware that the market could be influenced by any deterioration of the funding climate for biotech and smaller pharmaceutical companies, and the knock on effect of their ability to start or maintain clinical trials As a global CRO, Aptiv Solutions is impacted by any changes in health regulations, that may affect the uncertainty and cost for drug development programmes

Financial key performance indicators

The Key Performance Indicators ("KPIs") of the Company are fee sales and earnings before interest, tax, depreciation and amortisation ("EBITDA")

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Fee sales	**12,614,000**	13,549,000
EBITDA	**234,000**	266,000

Results

The result for the year, after taxation, amounted to £ nil (2012 - profit of £6,000)

This report was approved by the board on 16 January 2015 and signed on its behalf

Michael Gleeson

M Gleeson
Director

Buzzacott
CHARTERED ACCOUNTANTS

Independent auditor's report to the shareholders of Aptiv Solutions (UK) Limited
for the year ended 31 December 2013

We have audited the financial statements of Aptiv Solutions (UK) Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company'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 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 auditor

As explained more fully in the statement of directors' responsibilities set out in the directors' report, 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 (APB'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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements

Buzzacott
CHARTERED ACCOUNTANTS

Independent auditor's report to the shareholders of Aptiv Solutions (UK) Limited
for the year ended 31 December 2013

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

Buzzacott LLP

Mark Wesley (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL
Date 20 January 2015

Profit and loss account
for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	1,2	**12,614**	13,549
Cost of sales		**(6,104)**	(6,640)
Gross profit		**6,510**	6,909
Selling expenses		**(1,261)**	(844)
Administrative expenses		**(5,249)**	(6,065)
Operating profit	3	**-**	-
Interest receivable and similar income		**-**	6
Profit on ordinary activities before taxation		**-**	6
Tax on profit on ordinary activities	7	**-**	-
Profit for the financial year	15	**-**	6

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

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

Balance sheet
as at 31 December 2013

	Note	£000	2013 £000	£000	2012 £000
Fixed assets					
Intangible assets	8		**342**		415
Tangible assets	9		**357**		593
Investments	10		**-**		-
			699		1,008
Current assets					
Debtors	11	**5,385**		5,017	
Cash at bank		**240**		478	
		5,625		5,495	
Creditors amounts falling due within one year	12	**(5,051)**		(5,230)	
Net current assets			**574**		265
Net assets			**1,273**		1,273
Capital and reserves					
Called up share capital	14		**-**		-
Profit and loss account	15		**1,273**		1,273
Shareholders' funds	16		**1,273**		1,273

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 January 2015

Michael Gleeson

M Gleeson
Director

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

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies

1.1 Accounting convention

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

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of a company incorporated in Great Britain and the results of the company are consolidated in the financial statements of the ultimate parent undertaking These financial statements present information about the company as an individual undertaking

1.2 Cash flow statement

The financial statements do not include a cash flow statement because the company is a wholly owned subsidiary and the consolidated financial statements of its ultimate parent undertaking, in which it is included, are publicly available It is therefore exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'

1.3 Turnover and long term contracts

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, excluding pass-through costs of suppliers, except in respect of long-term contracts where turnover represents the sales value of work performed in the period, including estimates in respect of amounts not invoiced Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract

Pass-through costs are costs incurred by the Company while acting as an agent on behalf of customers Accordingly, these are excluded from the profit and loss account, along with any revenue generated

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the period end, on a contract by contract basis by recording turnover and related costs as contract activity progresses Revenue derived from variations on contracts is recognised only when they have been accepted by the customer Full provision is made for losses on all contracts in the period in which they are first foreseen

Milestone payments due under contracted relationships are recorded to revenue when all work related to the milestone is completed

1 4 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

1 5 Pensions

The Company makes contributions to individual personal pension plans The contributions are charged to the profit and loss account as they are incurred

1.6 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Notes to the financial statements
for the year ended 31 December 2013

1 Accounting policies (continued)

1 7 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful economic life, as follows

Leasehold improvements	-	over the lease term
Fixtures and fittings	-	five years
Computer equipment	-	two - five years

1.8 Investments

Fixed asset investments are shown at cost less provision for impairment

1 9 Operating leases

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

1.10 Intangible fixed assets

Goodwill arises on the acquisition of the businesses of Avenon International (UK) Limited and SRA Global Clinical Development Limited Goodwill represents the excess of the consideration paid over the net identifiable assets and liabilities acquired Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 7 years

2. Turnover

The whole of the turnover is attributable to the principal activity of the Company

A geographical analysis of turnover is as follows

	2013	2012
	£000	£000
United Kingdom	**3,454**	2,528
Rest of Europe	**5,372**	6,582
Rest of the world	**325**	261
North America	**2,518**	3,831
Japan	**945**	347
	12,614	13,549

Notes to the financial statements
for the year ended 31 December 2013

3. Operating result

The operating result is stated after charging/(crediting)

	2013 £000	2012 £000
Amortisation - intangible fixed assets	73	72
Depreciation of tangible fixed assets		
- owned by the company	161	194
Operating lease rentals		
- other operating leases	19	22
- land and buildings	459	490
Foreign exchange losses/(gains)	68	(7)
Profit on disposal of investment	-	31

4. Auditors' remuneration

	2013 £000	2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	23	23
Fees payable to the company's auditor and its associates for all other non-audit services not included above	2	1

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £000	2012 £000
Wages and salaries	5,532	5,548
Social security costs	608	631
Other pension costs	415	388
	6,555	6,567

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

	2013 No.	2012 No
Project management	62	73
Sales and administration	22	21
	84	94

Notes to the financial statements
for the year ended 31 December 2013

6. Directors' remuneration

	2013 £000	2012 £000
Remuneration	**724**	372
Company pension contributions to defined contribution pension schemes	**40**	27

During the year retirement benefits were accruing to 4 directors (2012 - 4) in respect of defined contribution pension schemes

The highest paid director received remuneration of £280,079 (2012 - £142,902)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,051 (2012 - £14,350)

The costs of the remaining directors were borne by Aptiv Solutions, Inc and are disclosed in its annual report and accounts

7. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%) The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	**-**	6
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%)	**-**	2
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**4**	1
Differences between capital allowances and depreciation	**(9)**	(18)
Profit on sale of investments	**-**	(8)
Unrelieved tax losses carried forward	**5**	23
Current tax charge for the year (see note above)	**-**	-

Factors that may affect future tax charges

Tax losses available to be carried forward by the company at 31 December 2013, against future profits, are estimated at £4,200,000 (2012 - £2,200,000)

Notes to the financial statements
for the year ended 31 December 2013

8 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January 2013 and 31 December 2013	509
Amortisation	
At 1 January 2013	94
Charge for the year	73
At 31 December 2013	167
Net book value	
At 31 December 2013	342
At 31 December 2012	415

9 Tangible fixed assets

	Leasehold improvements £000	Computers & office fixtures & fittings £000	Total £000
Cost			
At 1 January 2013	368	1,094	1,462
Additions	-	3	3
Disposals	-	(140)	(140)
At 31 December 2013	368	957	1,325
Depreciation			
At 1 January 2013	99	770	869
Charge for the year	34	127	161
On disposals	-	(62)	(62)
At 31 December 2013	133	835	968
Net book value			
At 31 December 2013	235	122	357
At 31 December 2012	269	324	593

Notes to the financial statements
for the year ended 31 December 2013

10. Fixed asset investments

Subsidiary undertakings

The following company is a subsidiary undertaking of the company

Name	Class of shares	Holding
Trio Clinical Resourcing Limited	Ordinary shares	100 %

The aggregate of the share capital and reserves as at 31 December 2013 and of the profit or loss for the year ended on that date for the subsidiary undertaking were as follows

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Trio Clinical Resourcing Limited	81	81

The principal activity of the subsidiary is to provide outsourcing of clinical contractors to customers for medical trials

11. Debtors

	2013 £000	2012 £000
Trade debtors	1,435	2,816
Amounts owed by group undertakings	2,397	305
Other debtors	182	182
Prepayments and accrued income	1,371	1,714
	5,385	5,017

12 Creditors·
Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	1,456	767
Amounts owed to group undertakings	577	832
Other taxation and social security	252	316
Other creditors	504	574
Accruals and deferred income	2,262	2,741
	5,051	5,230

Notes to the financial statements
for the year ended 31 December 2013

13 Deferred taxation

	2013 £000	2012 £000
At beginning and end of year	-	-

	Amount provided 2013 £000	Amount unprovided 2013 £000	Amount provided 2012 £000	Amount unprovided 2012 £000
Tax effect of timing difference because of				
Difference between capital allowances and depreciation	-	134	-	174
Tax losses	-	842	-	539
Total	-	976	-	713

14. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
375 Ordinary shares of £1 each	-	-

15. Reserves

	Profit and loss account £000
At 1 January 2013 and 31 December 2013	1,273

16 Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	1,273	1,267
Profit for the financial year	-	6
Closing shareholders' funds	1,273	1,273

Notes to the financial statements
for the year ended 31 December 2013

17 Pension commitments

The company makes contributions to individual personal pension plans The total charge for the period was £415,000 (2012 - £388,000) There are unpaid contributions outstanding at the period end of £55,000 (2012 - £57,000)

18. Operating lease commitments

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

	Land and buildings	
	2013	2012
	£000	£000
Expiry date		
Between 2 and 5 years	**409**	233

19 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Gold Medal Acquisitions UK Ltd

During the two years ended 31 December 2013, the ultimate parent undertaking and ultimate controlling party was Aptiv Solutions, Inc, incorporated in the state of Delaware, US

20. Related party transactions

The company has taken advantage of the exemption available under FRS 8, "Related party disclosures", where it is not required to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

21 Post balance sheet events

On 7 May 2014 the ultimate parent undertaking, Aptiv Solutions, Inc was acquired by ICON plc

Aptiv Solutions
Accelerating the Possibilities

Financial Report for the years ended December 31, 2013, and December 31, 2012

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY
No..... 03735919....

TABLE OF CONTENTS

SCHNEIDER DOWNS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Aptiv Solutions
Boston MA

We have audited the accompanying consolidated financial statements of Aptiv Solutions (the Company) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aptiv Solutions and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Schneider Downs & Co, Inc
www schneiderdowns com
PrimeGlobal

One PPG Place
Suite 1700
Pittsburgh PA 15222
TEL 412.261 3644
FAX 412 261 4876

41 S High Street
Huntington Center, Suite 2100
Columbus, OH 43215
TEL 614 621 4060
FAX 614 621 4062

Emphasis of Matter
As discussed in Note 14 to the consolidated financial statements, on March 29, 2014, subject to certain closing conditions, the Company entered into an agreement to be purchased by a third party Our opinion is not modified with respect to this matter

Schneider Downs & Co., Inc.

Columbus, Ohio
April 29, 2014

APTIV SOLUTIONS
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 3,981	$ 4,160
Accounts receivable (net of allowance for doubtful accounts of $569 and $1,492 for 2013 and 2012, respectively)	20,980	28,902
Unbilled accounts receivable	21,444	21,978
Prepaid and other current assets	1,581	1,155
Total Current Assets	47,986	56,195
Property and equipment, net	6,550	6,481
Goodwill	61,802	61,802
Finite life intangibles (net of accumulated amortization of $20,499 and $16,597 for 2013 and 2012, respectively)	10,270	14,172
Deposits	1,267	1,840
Deferred tax assets	913	1,367
Total Assets	$ 128,788	$ 141,857
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 7,704	$ 10,074
Accrued payroll and employee benefits	3,433	3,802
Current portion of accrued lease obligations	—	841
Notes payable, current portion	3,215	4,623
Customer advances and deferred revenue	32,935	32 322
Deferred rent	1,175	876
Accrued interest payable	84	100
Other accrued liabilities	7,768	5,934
Total Current Liabilities	56,314	58,572
Notes payable	16 919	24 102
Deferred tax liabilities	844	2,877
Deferred pension obligation	1,059	1,215
Total Liabilities	75,136	86,766
Commitments and contingencies (note 9)		
Stockholders' Equity		
Common stock, $0 001 par value 160,000,000 shares authorized 461,529 and 126,969 shares outstanding, respectively	—	—
Series A Participating Preferred stock, $1 52 stated value, 100,000,000 shares authorized	75,085	74,781
Series B Participating Preferred stock $1 52 stated value, 30,000 000 shares authorized	5,538	5,538
Series C Convertible Preferred stock, $0 001 par value, 2,000,000 shares authorized	750	750
Series D Convertible Preferred stock, $0 001 par value, 4,000,000 shares authorized	—	—
Additional paid-in capital	53,690	53,397
Accumulated other comprehensive loss	(1,888)	(807)
Retained deficit	(79,523)	(78,568)
Total Stockholders' Equity	53 652	55,091
Total Liabilities and Stockholders' Equity	$ 128 788	$ 141,857

The accompanying notes are an integral part of these consolidated financial statements

APTIV SOLUTIONS
Consolidated Statements of Comprehensive Income
(In thousands)

	Years ended December 31,	
	2013	2012
Net service revenue	$115,624	$124,595
Reimbursement revenue	12,222	17 838
Total revenue	127,846	142,433
Operating expenses		
Direct expenses	73,489	80,456
Reimbursable out-of-pocket expenses	12,222	17,838
Sales, general and administrative expenses	32,329	34,655
Purchase related costs and restructuring expense	698	1,339
Share-based compensation	229	289
Depreciation and amortization expense	7,049	7,121
Total operating expenses	126,016	141,698
Net operating income	1,830	735
Other expense		
Interest expense, net	(1,942)	(2,527)
Management fees	(1,200)	(1,200)
Other	(171)	(257)
Total other expense	(3,313)	(3,984)
Loss before income taxes	(1,483)	(3,249)
Income tax benefit (expense)	528	(200)
Net loss	$ (955)	$ (3,449)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(1,086)	(1,471)
Pension adjustment	5	38
Comprehensive loss attributable to Aptiv Solutions, Inc	(2,036)	$ (4,882)

The accompanying notes are an integral part of these consolidated financial statements

APTIV SOLUTIONS

Consolidated Statement of Stockholders' Equity

	Common Stock		Series A Participating Preferred Stock		Series B Participating Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive income (loss)	Retained (Deficit)	Total Stockholders' Equity
Balance December 31, 2011	6	-	49,197,313	$74,781	3,643,520	$5,538	428,571	$750	-	-	$53 084	$ 626	$(75,119)	$59,660
Stock based compensation	-	-	-	-	-	-	-	-	-	-	289	-	-	289
Stock option exercises	126,963	-	-	-	-	-	-	-	-	-	24	-	-	24
Translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(1,471)	-	(1,471)
Pension related adjustment	-	-	-	-	-	-	-	-	-	-	-	38	-	38
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(3,449)	(3,449)
Balance, December 31, 2012	126,969	-	49,197,313	$74,781	3,643,520	$5,538	428,571	$750	-	-	$53,397	$ (807)	$(78,568)	$55,091
Purchase/Issuance of Preferred Participating Series A stock	-	-	200,000	304	-	-	-	-	-	-	-	-	-	304
Stock based compensation	-	-	-	-	-	-	-	-	-	-	229	-	-	229
Stock option exercises	334 560	-	-	-	-	-	-	-	-	-	64	-	-	64
Translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(1,086)	-	(1,086)
Pension related adjustment	-	-	-	-	-	-	-	-	-	-	-	5	-	5
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(955)	(955)
Balance, December 31, 2013	461,529	-	49,397,313	$75,085	3 643,520	$5 538	428,571	$750	-	-	$53,690	$ (1 888)	$(79 523)	$53,652

(In thousands, except share amounts)

The accompanying notes are an integral part of these consolidated financial statements

APTIV SOLUTIONS
Consolidated Statements of Cash Flow
(Dollars in thousands)

	Years ended December 31, 2013	Years ended December 31, 2012
Cash Flow from operating activities.		
Net loss	$ (955)	$ (3,449)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and software amortization expense	3,056	2,764
Amortization of finite life intangibles and deferred financing charges	3,992	4,356
Amortization of deferred rent	(466)	117
Bad debt expense, net of recoveries	(13)	152
Share based compensation	229	289
Effect of exchange rate on foreign currency denominated assets and liabilities	(1,046)	55
Deferred taxes	(814)	(735)
Changes in assets and liabilities·		
Accounts receivable, net	7,934	(4,221)
Unbilled accounts receivable	534	(7,668)
Prepaid and other current assets	(427)	621
Accounts payable	(2,370)	336
Accrued payroll and employee benefits	(524)	539
Deferred revenue and customer advances	613	1,587
Other accrued liabilities	1,063	(416)
Net cash provided by (used in) operating activities	10,806	(5,673)
Cash Flow from investing activities.		
Purchase of property and equipment	(1,149)	(1,832)
Capitalization of internal use software	(1,760)	(805)
Other assets/deposits	439	586
Net cash used in investing activities	(2,470)	(2,051)
Cash Flow from financing activities		
Credit Agreement debt issuance	—	15,000
Credit Agreement paydown	(7,577)	(750)
Issuance of convertible debt	—	6,000
Repayment of old Senior debt	—	(11,375)
Proceeds from credit line less repayment of Senior Notes	—	(2,245)
Payments on capital lease obligation	(594)	(722)
Repayment of other debt	(712)	(642)
Proceeds from issuance of preferred stock	304	—
Proceeds from exercise of stock options	64	25
Net cash (used in) provided by financing activities	(8,515)	5,291
Net decrease in cash and cash equivalents	(179)	(2,433)
Cash and cash equivalents, beginning of year	4,160	6,593
Cash and cash equivalents, end of year	$ 3,981	$ 4,160
Supplemental disclosures		
Cash paid for interest	$ 1 753	$ 2,367
Cash paid for income taxes	$ 616	$ 712

The accompanying notes are an integral part of these consolidated financial statements

APTIV SOLUTIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 DESCRIPTION OF BUSINESS

NATURE OF BUSINESS

Aptiv Solutions and its consolidated subsidiaries are referred to throughout this report as "Aptiv," "we," "us," "our, and the 'Company"

Aptiv Solutions is a global biopharmaceutical and medical device development services company focused on recognizing, understanding and enabling clients to capitalize on rapid and fundamental changes facing companies developing products in the pharmaceutical, biotech and medical device markets We were created by the merger of five leading biopharmaceutical and medical device development services companies, and combined industry-leading expertise for harnessing the power of adaptive clinical trials, the advanced capabilities and process knowledge of drug and medical device development experts, and the flexibility of a global clinical research organization

The investors include SV Life Sciences ("SVLS"), a venture capital adviser and manager providing financing to businesses across the human life sciences sector, The Halifax Group, a private equity firm that specializes in partnering with entrepreneurs to recapitalize middle-market businesses, the Comvest Group, a private investment firm focused on providing debt and equity solutions to middle-market companies (collectively, the "Private Equity Owners) and management

Our core competencies center around adaptive clinical trials and medical device trials providing, trial design, site selection, regulatory consulting, project management, medical and site monitoring, data management, biostatistical analysis and reporting, pharmacovigilance, medical writing, and full clinical trial management and consulting services throughout the clinical trials lifecycle We have the resources to directly implement or manage Preclinical through Phase IV clinical trials and have clinical trial experience and expertise across a wide variety of therapeutic and medical device areas Our resourcing group has the ability to deploy experienced contract professionals to augment internal clinical teams or supply external customers with a steady contract workforce

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements are audited and reflect all adjustments that, in our opinion, are necessary to fairly present our financial position and results of operations All adjustments are of a normal and recurring nature unless otherwise noted These financial statements, including the notes, have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) Certain prior year balances have been reclassified to conform with current year classification These reclassifications have no effect on the Company's results of operations

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Aptiv Solutions and its wholly owned subsidiaries All significant intercompany accounts and transactions have been eliminated

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of the Company s wholly-owned subsidiaries are translated into U S dollars at period-end exchange rates Income statement accounts are translated at average exchange rates for the applicable periods These translation adjustments are recorded as a separate component of stockholders' equity Foreign currency transaction gains and losses are included in the Consolidated Statements of Comprehensive Income

CASH AND CASH EQUIVALENTS

We consider all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents Our cash accounts are with banks and other financial institutions The balances in these accounts may exceed the maximum U S federally insured amount and our deposits held at institutions outside of the United States may not be insured against loss We have not experienced any losses in such accounts and do not believe that our cash and cash equivalents expose us to any significant credit risk

REVENUE RECOGNITION

Revenues are primarily recognized on a time-and-materials, or proportional performance basis Before revenues are recognized, the following four criteria must be met (a) persuasive evidence of an arrangement exists, (b) delivery has occurred or services rendered, (c) the fee is fixed and determinable, and (d) collectability is reasonably assured We determine if the fee is fixed and determinable and collectability is reasonably assured based upon our judgment regarding the nature of the fee charged for services rendered and products delivered and the collectability of those fees Arrangements range in length from a few months to several years

Revenues from time-and-materials arrangements are generally recognized based upon contracted hourly billing rates as the work progresses Revenues from unit based and fixed price arrangements are generally recognized on a proportional performance basis Revenues recognized on unit based and fixed price contracts are subject to revisions as the contract progresses to completion As the work progresses, original estimates may be adjusted due to revisions in the scope of work or other factors and a contract modification may be negotiated with the customer to cover additional costs Our accounting policy for recognizing revenue for changes in scope is to recognize revenue when the Company has reached a written agreement with the client, the services pursuant to the change in scope have been performed, the price has been set forth in the change of scope document and collectability is reasonably assured based on our course of dealings with the client We bear the risk of cost overruns on work performed absent a signed contract modification Because of the inherent uncertainties in estimating costs, it is reasonably possible that the estimated contract costs will change in the near term and may have a material adverse impact on our financial performance Revisions in our contract estimates are reflected in the period in which the determination is made and the facts and circumstances dictate a change of estimate Provisions for estimated losses on individual contracts are made in the period in which the loss first becomes known

We may have to commit unanticipated resources to complete projects resulting in lower margins on those projects If we do not accurately estimate the resources required or the scope of the work to be performed, do not complete our projects within the planned periods of time, or do not satisfy our obligations under the contracts, then our operating results may be significantly and adversely affected or losses may need to be recognized Should our estimated costs on fixed price contracts prove to be low in comparison to actual costs, future margins could be reduced, absent our ability to negotiate a contract modification

Revenue arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the arrangement meet the following criteria (1) the delivered item has value to the client on a stand-alone basis, (2) there is objective and reliable evidence of the selling price of undelivered items, and (3) delivery of any undelivered item is probable Arrangement consideration is allocated among the separate units of accounting based on their selling price, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or meeting other specified performance conditions

In general, amounts become billable to the customer pursuant to contractual terms in accordance with predetermined payment schedules Unbilled accounts receivable represents revenue recognized to date that is currently not billable to the client pursuant to contractual terms or was not billed as of the balance sheet date As of December 31, 2013 and December 31, 2012, unbilled accounts receivable included in current assets totaled $21 4 million and $22 0 million, respectively The majority of these amounts were billed in the subsequent month

Deferred revenue represents amounts billed to customers for which revenue has not been recognized at the balance sheet date As of December 31, 2013 and December 31, 2012, deferred revenue was approximately $7 0 million and $6 6 million, respectively

The majority of contracts contain provisions permitting the customer to terminate for a variety of reasons The contracts generally provide for recovery of costs incurred, including the costs to wind down the study, and payment of fees earned to date

Our operations have experienced, and may continue to experience, period-to-period fluctuations in net service revenue and results from operations Because we generate a significant proportion of our revenues from services performed at hourly rates, our revenue in any period is directly related to the number of employees and the number of hours worked by those employees during that period Our results of operations in any one period can fluctuate depending upon among other things, the number of weeks in the period, the number and related contract value of ongoing client engagements, the commencement postponement and termination of engagements in the period, the mix of revenue the timing of change order execution, employee hiring, employee utilization vacation patterns, exchange rate fluctuations, the extent of cost overruns and other factors

CUSTOMER ADVANCES

In the normal course of business we receive advance payments from our customers to reduce our exposure on service engagements and to fund investigator payments and out-of-pocket expenses As of December 31, 2013, and 2012 the total of customer advances on our balance sheet was $25 9 and $25 7 million respectively

REIMBURSABLE OUT-OF-POCKET EXPENSES

We pay fees and other out-of-pocket costs on behalf of our clients, for which we are reimbursed at cost Out-of-pocket costs are included in operating expenses, while the reimbursements received are reported separately as reimbursement revenue in the Consolidated Statements of Comprehensive Income

We act as an agent on behalf of company sponsors with regard to certain investigator payments Accordingly, we exclude certain fees paid to investigators and the associated reimbursement by our clients from revenue and reimbursable out-of-pocket expenses in the Consolidated Statement of Comprehensive Income The amount of investigator fees excluded from revenue was $15 0 million for the year ended December 31, 2013, and $12 2 million for the year ended December 31, 2012

CONCENTRATION OF CREDIT RISK

Financial instruments that subject us to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and unbilled accounts receivable Our clients consist primarily of companies within the pharmaceutical, biotechnology and medical device industries These industries may be affected by general business and economic factors, which may impact the collectability of our accounts receivable and unbilled accounts receivable As of December 31, 2013, and 2012 the total of accounts receivable and unbilled accounts receivable was $43 0, and $52 4 million, respectively As of those dates no customer held a balance in excess of 10% of those balances

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of clients to make required payments This allowance is based on current accounts receivable, historical collection experience, current economic trends, and changes in client payment patterns Management reviews the outstanding receivables on a monthly basis to determine collectability and to determine if proper allowances have been established for uncollectible accounts Receivables that are deemed to not be collectible are written off against the allowance for doubtful accounts

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are measured based on the level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value

Cash and short-term investments The carrying amount approximates fair value because of the short maturity of those instruments

Long-term debt The fair value of the Company's long-term debt is estimated based on the quoted market prices and significant observable inputs for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities

Interest rate swap contract Our interest rate swap contract is a designated hedge and as such is excluded from our balance sheet presentation The change in fair value of this item is carried in our other comprehensive income and then closed to the same line item as the offsetting change of the hedged item, in this case, the variable interest component of our long-term debt

DERIVATIVE INSTRUMENTS

During July of 2012 and in conjunction with the Revolving Credit Facility and Term Loan Credit Agreement with a bank group (*see note 3*), the Company entered into an interest rate swap as a hedge against the variable component of the interest rate on the borrowings, specifically, the LIBOR rate This derivative instrument has been designated and qualifies as a cash flow hedge As such, the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affects earnings The Company included the variable gain from interest rate fluctuations on the associated borrowings in the same line item—interest expense—as the offsetting loss on the related interest rate swap

Income Statement Classification	Gain (loss) on swap		Variable interest rate	Fixed interest rate
Interest expense	$	(17)	Libor	0 49%

As of December 31, 2013 and 2012 the total notional amount of the Company s variable interest rate swap was $4 9 and $6 3 million, respectively

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost Depreciation and amortization are provided on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from three to seven years Leasehold improvements are amortized over the life of the respective leases or the service life of the improvements, whichever is shorter

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation are eliminated and any gain or loss on such disposition is reflected in our consolidated financial statements Expenditures for repairs and maintenance are charged to operations as incurred

FINITE LIFE INTANGIBLE AND LONG-LIVED ASSETS

The Company evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable Such circumstances would include a significant decrease in the market price of a long-lived asset a significant adverse change to the manner in which the asset is being used or its physical condition, or a history of operating or cash flow losses associated with the use of the asset In addition, changes to the expected useful lives of these long-lived assets may also be an indicator of impairment Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets and the resulting losses are included in the consolidated Statement of Comprehensive Income

In conjunction with the recapitalization and securities purchase agreement in August of 2010 we performed a valuation of the newly acquired business using a discounted cash flow analysis and a market-based approach giving appropriate weighting to both Using these guidelines we established the carrying value of acquired finite-life intangible assets at August 31, 2010 In addition, we established values for intangible assets for the businesses acquired during August and September of 2011 (see note 4) using similar guidelines as those used during the prior year For the period ended December 31, 2013, and 2012, the Company has not experienced any circumstances which would indicate that the value of these intangibles had been impaired and has not recorded impairment in the carrying value of its finite life intangible assets

GOODWILL

The Company accounts for goodwill as an indefinite life intangible asset and tests for impairment at least annually The Company reviews goodwill for impairment on an annual basis in conjunction with our year end reporting date of December 31 The Company operates as one reporting unit and goodwill is evaluated based on this approach We performed a valuation of the newly acquired business using a discounted cash flow analysis and a market-based approach giving appropriate weighting to both In addition we performed an entity test which included all goodwill values For the years ended December 31, 2013, and 2012 the Company had no impairment in the carrying value of its goodwill

STOCK-BASED COMPENSATION

Stock-based compensation expense recognized during a period is based on the value of the portion of stock-based awards that is ultimately expected to vest during the period The Company uses historical data to estimate pre-vesting option forfeitures

The grant date fair value of each stock option is based on the underlying price on the date of grant and is determined using an option pricing model The option pricing model requires the use of estimates and assumptions as to (a) the expected volatility of the price of the stock underlying the stock option, (b) the expected life of the option, (c) the risk free rate for the expected life of the option and (d) forfeiture rates The Company is currently using the Black-Scholes option pricing model to determine the grant date fair value of each stock option

Expected volatility is calculated based on a blended weighted average of historical information of the weighted average of similar public entities for which historical information is available The Company will continue to use a weighted average approach using similar public entity volatility information for future option grants The expected term assumption is based on the simplified or "safe-haven" method which calculates the term based on certain grant date provisions The risk free rate is based on the U S Treasury bond rate commensurate with the expected life of the option Forfeiture rates are estimated based upon past voluntary termination behavior and past option forfeitures

INCOME TAXES

Deferred income taxes are provided under the liability method The liability method requires that deferred tax assets and liabilities be determined based on the difference between the financial reporting and tax bases of assets and liabilities using the tax rate expected to be in effect when the taxes will actually be paid or refunds received In estimating future tax consequences, we generally consider all expected future events other than the enactment of changes in tax law or rates If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recorded

OTHER COMPREHENSIVE INCOME

Other comprehensive income includes any adjustments resulting from the translation process of the financial statements of our foreign entities functional currency to U S dollars using the current rate method and actuarial gains or losses on our defined pension benefit plan

DEFINED BENEFIT PENSION PLAN

The Company maintains a statutory defined benefit pension plan for its employees in Switzerland for which current service costs are charged to operations as they accrue based on services rendered by employees during the year Pension benefit obligations are determined by independent actuaries using management's best estimate assumptions, with accrued benefits prorated on service Liabilities are valued using the projected unit method

CAPITALIZED INTERNAL-USE SOFTWARE

The Company capitalizes certain costs incurred to purchase and develop internal-use software To date, such costs have included external direct costs of materials and services consumed in obtaining and developing internal-use software and are included within computer hardware and software Once the capitalization criteria of ASC 350-40 have been met, such costs are capitalized and amortized on a straight-line basis over five years after the software has been put into use Subsequent additions, modifications or upgrades to internal use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform Software maintenance and training costs are expensed in the period in which they are incurred The enhancements and modifications must offer significant functionality improvement to the existing systems to qualify for capitalization At December 31, 2013, and 2012, the Company had capitalized software development costs of $3 4 million, and $1 6 million, respectively and accumulated depreciation of $0 5 million and $0 2 million, respectively, $0 which is included in computer equipment and purchased software under the fixed asset heading on our balance sheet

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

3 NOTES PAYABLE AND FINANCING ARRANGEMENTS

During July of 2012, we entered into a Revolving Credit Facility and Term Loan Credit Agreement with a bank group (the ' Credit Agreement') The Credit Agreement provides for a revolving credit facility of $7 0 million and a term loan of $15 0 million The Revolving Credit Facility is an asset-based senior secured revolving line of credit for an aggregate principal amount of up to $7 0 million and has a first priority lien on certain assets of Company Interest is calculated at LIBOR plus a spread or the bank's base rate plus a variable percentage, which is dependent upon the level of excess availability as defined in the agreement Borrowings under the $15 0 million term loan are payable at the rate of $750,000 per calendar quarter Interest is calculated at LIBOR plus a spread or the bank's base rate plus a variable percentage At closing in July 2012, the Company used $11 3 million of the Term Loan to retire the then outstanding senior secured notes At December 31, 2013 there was $1 3 million outstanding under the Revolving Credit Facility and $9 9 million outstanding under the Term Loan Interest due under the credit agreement is calculated and paid monthly, in arrears The Credit Agreement contains customary covenants, terms and conditions, and is due to expire on June 30, 2015 at which time all amounts and accrued interest outstanding under the agreement are due

During April and June of 2012, we issued an aggregate of $6 0 million in Convertible Notes (the "Notes ') with 15% interest to a group of investors The interest is payable monthly in arrears and the Notes mature on August 31, 2015 The notes carry an optional feature for conversion into shares of the Company s Series D preferred stock at an amount to be determined by dividing the total principal plus any accrued but unpaid interest at time of conversion by $2 25 The Notes also have a prepayment premium if they are repaid prior to April 13, 2015

At December 31, 2012 and 2013 the Company had subordinated promissory notes outstanding for $2 0 million with 8% interest The Company has issued 1,011,566 warrants in conjunction with these notes for purchase of the Company s common stock at exercise prices ranging from $0 76 to $6 08

At December 31, 2012 and 2013 we had approximately $1 6 and $0 6 million in bank term loans outstanding secured by the operations of our Japanese affiliate These loans carry variable interest rates ranging from 1 58% to 1 7% per annum and are repayable in monthly installments ending in 2019

At December 31, 2012 and 2013 we had approximately $0 4 million in subordinate loan notes outstanding secured by the second lien on the operations of our UK affiliate These notes were issued as deferred consideration for a prior acquisition by our UK affiliate The interest rate on the loan notes is at the lower of 2% (or 4% if overdue) above the base rate of the National Westminster Bank plc, or 8 5% The notes are scheduled to mature in 2015

As of December 31, 2013 we have approximately $0 1 million in interest payments outstanding on the Convertible Notes which is included in the other accrued liabilities section of our balance sheet

Aggregate maturities of notes payable as of December 31, 2013 are as follows (in thousands)

2014	$	3,215
2015		16,648
2016		74
2017		68
Thereafter		129
Total notes payable	$	20,134

4 CONCENTRATION OF REVENUE AND ASSETS

Total revenues are attributed to geographic areas based on location of the customer Assets are assigned based on physical location

Geographic information is summarized as follows (in thousands)

	Years ended December 31,	
Total revenues	**2013**	**2012**
United States	$ 58,054	$ 66,992
Europe	59,302	63,858
Japan	10,490	11,583
Total revenue	$ 127,846	$ 142,433

	December 31, 2013	December 31, 2012
Long-lived assets, net of accumulated depreciation		
United States	$ 1,986	$ 2,039
Europe	4,347	4,120
Japan	217	322
Total long-lived assets, net	$ 6,550	$ 6,481

5. LEASES

The Company leases various office facilities, vehicles and equipment under operating leases that expire over the next five years At December 31, 2013, we are obligated under non-cancelable operating leases with future minimum rentals as follows (in thousands)

For the year ending December 31,	
2014	$ 4,505
2015	3 631
2016	2,809
2017	2,297
2018	1,975
Thereafter	3,234
	$18,451

Rent expense was $6 0, and $7 6 million for the years ended December 31, 2013, and 2012, respectively

6 FINITE LIFE INTANGIBLE ASSETS

Intangible assets at December 31, 2013 consisted of the following

	December 31, 2013	December 31, 2012
Customer relationships	$ 14,598	$ 14,598
Non-compete agreements	8,479	8,479
Contracted backlog	5,216	5,216
Trade names	1,931	1,931
Acquired technology	545	545
	30,769	$ 30,769
Accumulated amortization	(20,499)	(16,597)
Intangible assets, net of accumulated amortization	$ 10,270	$ 14,172

The anticipated amortization on these finite life intangibles is \$3 5, \$2 2, \$1 0, \$0 9, and \$0 9 million for the future years ending December 31, 2014 through 2018, respectively, with \$1 8 million remaining thereafter

Finite life intangibles are amortized over their estimated useful lifes which range between 1 and 10 years The Company evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable

7 STOCKHOLDERS' EQUITY

During August, 2010 our capital structure was reorganized effectively retiring our outstanding common stock in lieu of the creation and issuance of new series A participating preferred stock ("*Preferred A*") In addition, and in connection with the acquisition of all of the outstanding stock of ClinResearch, a German entity, the Company created and issued series B participating preferred stock ("*Preferred B*")

Preferred A

On August 31, 2010, as part of the Agreement, the Company approved the creation and issuance of series A participating preferred stock The preferred A has a stated value of \$1 52 a par value of \$0 001, a cumulative dividend of 8% per annum and has a liquidation priority over the preferred B There are currently 100,000,000 shares authorized

Preferred B

On August 31, 2010, as part of the Agreement, the Company approved the creation and issuance of series B participating preferred stock The preferred B has a stated value of \$1 52, a par value of \$0 001, a cumulative dividend of 5% per annum and is subordinate to the preferred A in a liquidation There are currently 30,000,000 shares authorized

Preferred C

In August 2011, the Company approved the creation and issuance of series C convertible preferred stock The preferred C has a par value of \$0 001, a conversion rate into common stock at \$1 75 per share, and is subordinate to the preferred A and B in a liquidation There are currently 2,000,000 shares authorized

Preferred D

In April 2012, the Company approved the creation and issuance of series D convertible preferred stock The preferred D has a par value of \$0 001 a conversion rate into common stock at \$2 25 per share, and is subordinate to the preferred A, B and C in a liquidation There are currently 4,000,000 shares authorized

Warrants

In August 2010, the Company approved the creation and issuance of warrants for the purchase of the Company's common stock 1,770,394 warrants were issued in 2010, all with current exercise prices from \$0 76 to \$6 08 per share and a ten-year life During 2012 an employee holding the rights to 851,974 of these warrants left the Company and forfeited all but 283 991

Common Stock

During August of 2010 all of our outstanding common stock was exchanged for shares of preferred A, and retired The current number of authorized shares of common stock is 160,000 000 It has a par value of \$0 001 As of December 31, 2013 and 2012 there were shares of common stock outstanding of 461,529 and 126,969 respectively

Restricted Common Stock

As of December 31, 2013 there are 5 2 million shares of restricted common stock that have been issued to the management team These restricted shares are unvested and shall become vested upon the occurrence of a Liquidity Event provided the Investment Proceeds are two times the Invested Capital

8 STOCK-BASED COMPENSATION

During the first quarter of fiscal 2006 the Company adopted the provisions of, and accounts for stock-based compensation in accordance with FASB codification 718, *"Stock Compensation,"* ("ASC 718") The Company elected the modified-prospective method, under which prior periods are not revised for comparative purposes Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date for all stock-based awards made to employees and directors based on the fair value of the award using an option-pricing model and is recognized as expense over the requisite service period, which is generally the vesting period

Stock-based compensation expense recognized during a period is based on the value of the portion of stock-based awards that is ultimately expected to vest during the period The Company uses historical data to estimate pre-vesting option forfeitures

The grant date fair value of each stock option is based on the underlying price on the date of grant and is determined using an option pricing model The option pricing model requires the use of estimates and assumptions as to (a) the expected volatility of the price of the stock underlying the stock option (b) the expected life of the option (c) the risk free rate for the expected life of the option and (d) forfeiture rates The Company is currently using the Black-Scholes option pricing model to determine the grant date fair value of each stock option

Expected volatility is calculated based on a blended weighted average of historical information of the Company s stock and the weighted average of historical information of similar public entities for which historical information is available The Company will continue to use a weighted average approach using its own historical volatility and other similar public entity volatility information until historical volatility of the Company is relevant to measure expected volatility for future option grants The expected term assumption is based on the simplified or safe-haven method and the risk free rate is based on the U S Treasury bond rate commensurate with the expected life of the option Forfeiture rates are estimated based upon past voluntary termination behavior and past option forfeitures The Company does not anticipate paying any cash dividends in the foreseeable future and therefore used an expected dividend yield of zero in its option-pricing model The options granted have a contractual term of ten years

On April 29, 2005, we adopted the '2005 Equity Incentive Plan" (the ' Plan) to provide a means by which to retain and maximize the services of employees, directors and consultants An aggregate of 7,500,000 shares of our common stock were initially reserved for issuance pursuant to awards under the Plan Options granted under the Plan generally expire no later than ten years from the date of grant (five years for a 10% stockholder) Options generally vest over a period of three to five years The Plan was approved by our stockholders on September 26, 2005 A total of 150,000,000 shares of the company's stock were authorized for issuance under the Plan

The exercise price of options must be at least equal to the fair value of the Company's common stock on the date of grant The exercise price of any option granted to a 10% stockholder may not be less than 110% of the fair value of the Company's common stock on the date of grant

In 2010 the Board of Directors of the Company instructed management to investigate the wind down of this Plan by retiring the options outstanding under the Plan for a nominal cash payment This directive did not impair the rights of the current holders of equity options under the Plan, but they did stipulate that there would be no future issuances or grants under the Plan There have been no grants or exercises under this plan since that date and there is no remaining expense to recognize Our recapitalization in 2010 increased the lowest exercise price to approximately $76 08 per share, effectively rendering the options worthless

On December 9, 2010 we adopted the "2011 Equity Incentive Plan" (the ' New Plan ') to promote the success and enhance the value of the Company, by linking the personal interests of the members of the Board Employees and Consultants of the Company and any Parent or Subsidiary, to those of Company stockholders and by providing such individuals with an incentive for performance to generate returns to Company stockholders The New Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees and Consultants of the Company and any Parent or Subsidiary upon whose judgment, interest, and special effort the successful conduct of the Company s operation is largely dependent An aggregate of 14,334,347 shares of our common stock were reserved for issuance pursuant to awards under the New Plan which may include stock options or restricted stock Options granted under the New Plan generally expire no later than seven years from the date of grant (five years for a 10% stockholder) Options generally vest over a period of three to five years The exercise price of options must be at least equal to the fair value of the Company's common stock on the date of grant Restricted stock granted under the New Plan cliff vests on the date of a liquidity event or change of control provided the investment proceeds are equal to or greater than two times the Invested Capital (calculated on a fully diluted basis) As of December 31, 2013, the Company has issued 5 248,802 restricted shares to the senior management team As of December 31, 2013 the Company has cancelled 721,231 of those shares, primarily due to termination of employment with those individuals

The Company recorded $0 2 million in compensation expense related to grants and awards under the New Plan for the year ended December 31, 2013 and $0 2 million in compensation expense related to grants and awards under the New Plan for the year ended December 31, 2012

The following table summarizes stock option activity under the New Plan for the years ended December 31, 2013 and December 31, 2012

	Shares	Range of Exercise prices	Approximate Weighted-average exercise price
Outstanding at December 31, 2011	8,094,400	$0 19 - 0 23	$0 19
Granted	943,000	$0 23	$0 23
Exercised	(126,963)	$0 19 - 0 23	$0 23
Cancelled	(710,850)	$0 19 - 0 23	$0 20
Outstanding at December 31, 2012	8,199,587	$0 19 - 0 23	$0 20
Granted	693,000	$0 23	$0 23
Exercised	(334,560)	$0 19 - 0 23	$0 19
Cancelled	(683,127)	$0 19 - 0 23	$0 19
Outstanding at December 31, 2013	7,874,900	$0 19 - 0 23	$0 20
Exercisable at December 31, 2013	5,602,718	$0 19 - 0 23	$0 19

The assumptions used in computing the fair value of stock-based compensation expense for the New Plan were as follows

	2012	2013
Risk free interest rate	1 2%	0 92%
Expected dividend yield	—	—
Expected term (years)	6	6
Expected volatility	40%	40%
Forfeiture rate	50%	50%

The weighted-average remaining contractual life of options outstanding under the New Plan at December 31, 2013 was 3 7 years

As of December 31, 2013 and 2012 there was $0 5 and $0 7 million, respectively of total unrecognized compensation cost related to unvested share based compensation awards granted under the New Plan This cost is expected to be recognized over a weighted average period of 4 years

9 COMMITMENTS AND CONTINGENCIES

We are involved in various legal actions arising in the normal course of our business We believe that the outcome of these matters will not have a material adverse effect on our financial position or results of operations

10 INCOME TAXES

The loss before income tax expense (benefit) shown below is based on the geographic location to which such income is attributed for the years ended December 31, 2013 and December 31, 2012 (in thousands)

	Years ended December 31, 2013	2012
United States	$ (3,146)	$ (6,245)
Foreign	1,663	2,996
Total	$ (1,483)	$ (3,249)

The following provision for (benefit from) income taxes consisted of the following for the years ended at December 31, 2013 and December 31, 2012

	2013	2012
Current		
State	15	63
Foreign	1,468	870
Total Current	1,483	933
Deferred		
Foreign	(2,011)	(733)
Total Deferred	(2,011)	(733)
Total (benefit) provision	(528)	200

The following is a reconciliation of the provision computed using the statutory federal income tax rate to the income tax provision reflected in the statements of comprehensive income for the period ended December 31

	2013	2012
Federal income tax at statutory rate	34 00%	34 00%
U S state and local taxes, net of U S federal income tax effects	12 53	(4 25)
Change in valuation allowance	(1 62)	(57 68)
International rate differential	4 62	25 86
Permanent differences	(7 99)	(3 26)
Other	(4 92)	(2 12)
Total benefit (provision)	36 62%	(7 45)%

Deferred tax assets (liabilities) as of December 31, 2013 and 2012 were as follows (in thousands)

	Years ended December 31, 2013	2012
Net operating loss carryforwards	$ 12,163	$ 9,887
Accrued expenses and reserves	1,330	415
Research and development credits	1,364	—
Bad debt reserve	269	632
Total deferred tax asset	15,126	10,934
Depreciation and Amortization	946	865
Other Liabilities	102	13
Total deferred tax liability	1,048	878
Valuation allowance	14,009	11,566
Net deferred tax asset (liability)	$ 69	$ (1,510)

The Company provided a valuation allowance at December 31, 2013 and 2012 for the full amount of its deferred tax assets in the United States Based on the weight of available evidence at that date, it was determined more likely than not that some or all of the deferred tax assets would not be realized

During the year ended December 31, 2013, the Company is reversing the valuation allowance recorded against its net operating loss generated in United Kingdom The reversal results in the Company recognizing a tax benefit of $1 3 million and was based upon consideration of a number of factors, including consecutive profitable years

At December 31, 2013, and 2012, the Company has federal and state net operating loss (NOL) carryforwards of approximately $29 and $27 million, respectively The net operating loss may be available to reduce future income tax liabilities which expire at various dates through 2033 In addition, the Company had $5 3 of net operating losses in other foreign jurisdictions The Company's ability to utilize its NOL carryforwards is limited due to changes in ownership of the Company as defined in Internal Revenue Code Section 382 Generally, an ownership change occurs when the ownership percentages of 5% or greater stockholders change by more than 50% over a three-year period The Company had such an ownership change during the years ended December 31, 2005 and 2010 and as such may be limited in the use of its net operating loss on an annual basis

The Company has no unrecognized tax benefits at December 31, 2013 and does not expect significant changes in the unrecognized tax benefit balance in the next twelve months

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in multiple jurisdictions We record liabilities for estimated tax obligations in the United States and other tax jurisdictions Determining the consolidated provision for income tax expense, tax reserves, deferred tax assets and liabilities and related valuation allowance, if any, involves judgment We calculate and provide for income taxes in the jurisdictions in which we operate, including the United States, Switzerland, Germany, Israel, the United Kingdom, France, Austria, the Netherlands, Japan, and several eastern European countries It is our policy to file tax returns as prescribed by the tax laws of the jurisdictions in which we operate We are currently not under examination by any federal, state or local taxing jurisdiction The 2007 to 2012 tax years for which we have filed tax returns with federal, state and local taxing jurisdictions remain subject to examination

11 POST-RETIREMENT BENEFITS

The Company has a defined benefit plan (the Benefit Plan) covering its employees in Switzerland as mandated by the Swiss government Benefits are based on the employee s years of service and compensation Benefits are paid directly by the Company when they become due in conformity with the funding requirements of applicable government regulations

Employers that sponsor defined benefit plans are required to recognize the funded status of a benefit plan on its balance sheet, recognize gains, losses and prior service costs or credits that arise during the period that are not recognized as components of net periodic benefit cost as a component of other comprehensive income, net of tax, measure defined benefit plan assets and obligations as of the date of the employer s fiscal year-end balance sheet, and disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation The following tables summarize the funded status of the Company's defined benefit plans and amounts reflected in the Company's consolidated balance sheet

Obligations and Funded Status (in thousands)

	Pension Benefits	
	Years ended December 31,	
In thousands	2013	2012
Change in benefit obligations		
Benefit obligation at beginning of year	$ 7,462	$ 8,151
Service cost	531	665
Interest cost	174	196
Benefit payments	(796)	(2,076)
Actuarial loss	439	312
Effect of foreign exchange	208	214
Benefit obligation at end of year	$ 8,018	$ 7,462
Change in plan assets		
Fair value of plan assets at beginning of year	$ 6,247	$ 7,155
Actual return on plan assets	584	235
Employer contributions	429	424
Plan participants contributions	314	330
Benefit payments	(796)	(2,076)
Effect of foreign exchange	$ 181	$ 179

Fair value of plan assets at end of year	$	6,959	$	6,247
Funded status				
Projected benefit obligation	$	8,018	$	7,462
Fair value of plan assets		6,959		6,247
Net balance sheet liability	$	1,059	$	1,215
Classification of net balance sheet liability				
Non-current liabilities	$	1,059	$	1,215
The accumulated benefit obligation for all defined benefit plans	$	7,434	$	7,227

Information for defined benefit plans with accumulated and projected benefit obligations in excess of plan assets

In thousands	Pension Benefits Years ended December 31, 2013	2012
Projected benefit obligation	$ 8,018	$ 7,462
Accumulated benefit obligation	7,434	7,227
Fair value of plan assets	6,959	6,247

Components of net periodic benefit cost

In thousands	Pension Benefits Years ended December 31, 2013	2012
Service cost	$ 531	$ 665
Interest cost	174	196
Expected return on plan assets	(162)	(172)
Employee contributions	(314)	(330)
Net periodic benefit cost	229	359
Curtailment losses	0	145
Net periodic benefit cost	229	504

Assumptions

Weighted-average assumptions used to determine benefit obligations

In thousands	Pension Benefits Years ended December 31, 2013	2012
Discount rate	2 75%	2 50%
Rate of compensation increase	2 25%	2 00%

Weighted-average assumptions used to determine net periodic benefit cost

In thousands	Pension Benefits Years ended December 31, 2013	2012
Discount rate	2 50%	2 75%
Expected long-term return on plan assets	2 50%	2 50%
Rate of compensation increase	2 00%	2 00%
Spousal pension increase	0 25%	0 50%
Pensioner increase	0 25%	0 50%

The expected long term rate of return on plan assets was made considering the pension plan's asset mix historical returns and the expected yields on plan assets

Plan assets

The Company's plan assets are held and invested by Swiss Life The Company s plan assets did not include any of the Company s common stock at December 31, 2013 and 2012

Contributions

During the year ending December 31, 2013, the Company contributed $0 4 million to its pension plans The Company expects to contribute $0 4 million to its pension plan in 2014

Estimated future benefit payments

In thousands	Pension Benefits
2014	$ 391
2015	357
2016	327
2017	426
2018	302
2019 - 2022	1,865

12 DEFINED CONTRIBUTION PLANS

We sponsor a 401(k) retirement savings plan for eligible U S employees Employees may elect to contribute to the plan in amounts that will not exceed the total amount allowed by the Internal Revenue Code for all contributions to qualified plans The plan provides for discretionary contributions by the Company The Company made $0 3 million in matching contributions to the Company's 401(k) plan for the years ended December 31, 2013 and December 31, 2012, respectively

We sponsor a defined contribution plan for eligible Japanese employees The plan provides for discretionary contributions by the Company The Company made $0 2 and $0 2 million in contributions to this plan for the years ended December 31, 2013 and December 31, 2012, respectively

13. RELATED PARTY TRANSACTIONS

In connection with the recapitalization agreement, we entered into a management agreement with the Private Equity Owners whereby we agreed to pay up to $1 2 million in annual fees (Management Fees) to them in exchange for oversight services, which include among other things, advisory, consulting, strategic planning and domestic and international marketing and financial oversight For the year ended December 31, 2012 we recorded $1 2 million in expense and paid $0 6 million leaving an accrual of $1 9 million in Management Fees at December 31, 2012 For the year ended December 31, 2013 we recorded $1 2 million in expense and paid $0 3 million leaving an accrual of $2 8 million in Management Fees at December 31, 2013 In addition there is also an Investment banking fee which may be charged in connection with any significant acquisition The Investment banking fee is an amount up to 1% of the amount of incremental capital contributions by the Private Equity Owners No investment banking fees were charged or recorded during the years ended December 31, 2012, or 2013

During April and June of 2012 the Company issued unsecured subordinated convertible promissory notes (the 'Notes ') maturing on August 15 2015, in the aggregate principal amount of $6 0 million, of which $5 9 million were issued to officers and directors The Notes bear interest at a rate of 15% per annum and are convertible into shares of the Company's series D preferred stock at a rate of $2 25 per share

14 SUBSEQUENT EVENTS

Management has reviewed subsequent events through April 29, 2014

On March 29, 2014 Aptiv Solutions entered into an agreement with ICON Plc , a contract research organization headquartered in Dublin, Ireland, for a sale of 100% of Aptiv stock to ICON for cash consideration of $143 5 million and the assumption of $8 8 million in liabilities There are certain terms and conditions in the agreement which must be fulfilled prior to closing the transaction which is expected about 45 days from our entry into the agreement with ICON Plc