REGISTRAR OF COMPANIES

Fulcrum Pharma Ltd
(formerly Fulcrum Pharma plc)

ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 SEPTEMBER 2009
TO 31 DECEMBER 2010

Registered number 03930927 (England and Wales)

Contents

Directors & Advisers

Directors
Dr J A Devlin
Dr P Birch
Mr P Donnelly
Mr D Black

Secretary
Mr W Catlin-Hallett

Registered office
Hemel One
Boundary Way
Hemel Hempstead
Hertfordshire
HP2 7YU

Auditors
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Directors' report

For the period from 1 September 2009 to 31 December 2010

The Directors present their report and the audited financial statements for the period from 1 September 2009 to 31 December 2010

Business Review

The Company's principal activity is that of a holding company The Company's subsidiaries are professional service companies providing clients with expert solutions for the development of therapeutic products The Key Performance Indicators ("KPIs") are the performance of the subsidiaries which are monitored on a monthly basis

The Company was acquired by Gold Medal Acquisitions UK Ltd on 9 June 2010 for £11 5m in cash The Company subsequently delisted from AIM and re-registered as a private company on 22 December 2010

Results and dividends

The loss for the period after taxation was £1,203,000 (2009 £335,000) No interim dividend (2009 £Nil) was paid and the Directors do not propose a final dividend

Directors and officers

The Directors who served during the period are as set out below

Dr F M Armstrong (resigned 10 June 2010)

Mr G D Cook (resigned 10 June 2010)

Dr J A Bell (resigned 10 June 2010)

Dr M G Carter (resigned 10 June 2010)

Mr F C Condella (resigned 10 June 2010)

Mr K L Lacey (resigned 10 June 2010)

Mr B K Knight (resigned 31 March 2011)

Dr J A Devlin

Dr P Birch (appointed 17 March 2011)

Mr P Donnelly (appointed 31 March 2011)

Mr D Black (appointed 31 March 2011)

The position of Company Secretary was held by Mr W Catlin-Hallett

None of the Directors had an interest in any contract of significance to which the Company was party during the period ended 31 December 2010

Creditor payment policy

The Company's policy is to pay suppliers within the terms of the invoice This policy and any specific terms agreed with suppliers are made known to the appropriate staff and to suppliers on request The Company's average creditor payment period at 31 December 2010 was 16 days (31 August 2009 13 days)

Substantial shareholdings

The Company is wholly owned by Gold Medal Acquisitions UK Limited

Safety, health and environment

The Company is committed to maintaining high standards of safety, health and environmental protection by conducting itself in a responsible manner to protect people and the environment. In pursuit of this, the Company has established health and safety procedures and policies under the control of a responsible manager Consultants have been appointed to help monitor and train the staff of the Company

Financial risk management

The financial risks faced by the Company include market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk The Board reviews and agrees policies for managing each of these risks

The Company finances its operations through a mixture of retained cash reserves and bank loans The policy of the Company is to monitor exposure to interest rate risk and take into account potential movements in interest rates when selecting methods of financing However, at present the level of Company borrowings is low and the interest rate risk is not considered to be significant

The Company has no financial assets or liabilities denominated in foreign currencies

The Board monitors the level of cash and liquid resources on a regular basis and manages it on a daily basis, to ensure that the Company has sufficient liquid funds to enable it to continue as a going concern

The Company's credit risk arises from credit exposure to Group companies and also with banks with which cash is held The Board considers the risk of default of Group debtors to be negligible The Board ensures that deposits are only placed with banks which have a minimum credit rating of AA (Standard and Poor's rating)

The Board's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Company treasury policy is one of conservatism approved by the Board As a matter of policy, the Company does not undertake speculative transactions which would increase its currency or interest rate exposure

Directors' report

For the period from 1 September 2009 to 31 December 2010

Provision of information to auditors

Each of the Directors confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Acquisition of own shares

During the period, the Employee Share Option Plan Trust (the "ESOP Trust"), the details of which are set out in Note 15 to the financial statements, acquired 2,225,587 of the Company's shares, representing 1 25% of called up share capital, for £68,000 These shares were purchased using a loan from the Company, as set out in Note 22 to the financial statements

Auditors

A resolution to reappoint Buzzacott LLP as auditors to the Company will be proposed at the annual general meeting

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union

Company law requires the Directors to prepare financial statements for each financial year which 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 judgements and estimates that are reasonable and prudent,
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By order of the Board

W Catlin-Hallett

William Catlin-Hallett
Company Secretary
28 September 2011

Independent auditors' report

To the members of Fulcrum Pharma Ltd

We have audited the financial statements of Fulcrum Pharma Limited for the period from 1 September 2009 to 31 December 2010, which comprise the income statement, the balance sheet, the statement of changes in equity and the cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 auditors

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (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 APB's website at www frc org uk/apb/scope/private cfm

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 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, 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 for the financial 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, 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

Mark Worsey, Senior statutory auditor
for and on behalf of Buzzacott LLP, Statutory Auditors
130 Wood Street
London
EC2V 6DL
29 September 2011

Income statement

For the penod from 1 September 2009 to 31 December 2010

	Note	16 months ended 31 December 2010 Before exceptional items £'000	Exceptional items* £'000	Total £'000	Year ended 31 August 2009 Before exceptional items £'000	Exceptional items* £'000	Total £'000
Revenue	3	—	—	—	—	—	—
Cost of sales		—	—	—	—	—	—
Gross profit		—	—	—	—	—	—
Distnbution costs		—	—	—	—	—	—
Recharged management fees		765	—	765	619	—	619
Administrative expenses		(1,090)	(1,020)	(2,110)	(849)	(485)	(1,334)
Operating loss		(325)	(1,020)	(1,345)	(230)	(485)	(715)
Finance income	7	167	—	167	159	—	159
Finance costs	7	(25)	—	(25)	(41)	—	(41)
Loss before income tax		(183)	(1,020)	(1,203)	(112)	(485)	(597)
Income tax expense	8	—	—	—	—	—	—
Dividend received		—	—	—	262	—	262
Loss for the period		(183)	(1,020)	(1,203)	150	(485)	(335)

* Exceptional items include reorganisation costs and acquisition expenses in respect of an acquisition under negotiation dunng the pnor year which was not completed (See Note 6)

The notes on pages 8 to 18 are an integral part of these consolidated financial statements

Statement of changes in equity

For the penod from 1 September 2009 to 31 December 2010

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
At 1 September 2008	1,779	6,082	349	8,210
Loss for year	—	—	(335)	(335)
Options compensation charge	—	—	25	25
Options compensation charge – capital contribution	—	—	51	51
Purchase of own shares for ESOP Trust	—	—	(68)	(68)
At 31 August 2009	**1,779**	**6,082**	**22**	**7,883**
Issue of new shares	186	534	—	720
Loss for penod	—	—	(1 203)	(1,203)
Options compensation charge	—	—	32	32
Options compensation charge – capital contribution	—	—	61	61
Sale of own shares for ESOP Trust	—	—	246	246
At 31 December 2010	**1,965**	**6,616**	**(842)**	**7,739**

Balance sheet

As at 31 December 2010

	Note	31 December 2010 £'000	31 August 2009 £'000
Assets			
Non-current assets			
Investment in subsidiaries	10	**5,396**	5,327
		5,396	5,327
Current assets			
Trade and other receivables	11	**3,450**	3,412
Cash and cash equivalents	12	**—**	—
		3,450	3,412
Liabilities			
Current liabilities			
Trade and other payables	13	**(647)**	(358)
Borrowings	14	**(460)**	(460)
Deferred cash consideration	13	**—**	(38)
		(1,107)	(856)
Net current assets		**2,343**	2,556
Net assets		**7,739**	7,883
Equity			
Share capital	15	**1,965**	1,779
Share premium account	15	**6,616**	6,082
Retained earnings		**(842)**	22
Total equity		**7,739**	7,883

The financial statements were approved by the Board of Directors on 28 September 2011 and were signed on its behalf by

Phil Birch
Director

Fulcrum Pharma Ltd
Company registration number 03930927 (England and Wales)

Cash flow statement

For the period from 1 September 2009 to 31 December 2010

	Note	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £'000
Continuing operations			
Loss before tax		**(1,203)**	(597)
Adjustments for			
Share-based payments		**32**	25
Net finance costs		**(141)**	(118)
Changes in working capital			
Decrease in trade and other receivables		**120**	1,320
Increase in payables		**287**	54
Cash generated by operations		**(905)**	684
Operating activities			
Interest received		**—**	15
Interest paid – bank and other loans		**(24)**	(44)
Taxation refunded		**—**	11
Net cash flow from operating activities		**(24)**	(18)
Investing activities			
Acquisition of a subsidiary and related costs	19	**(36)**	(348)
Net cash flow from investing activities		**(36)**	(348)
Financing activities			
Proceeds from issuance of ordinary shares		**719**	—
Repayment of bank loans		**—**	(750)
Sale / (purchase) of shares for ESOP Trust		**246**	(68)
Net cash flow from financing activities		**965**	(818)
Exchange gains on cash and cash equivalents		**—**	—
Net decrease in cash and cash equivalents		**—**	(500)
Cash and cash equivalents at the beginning of the period		**—**	500
Cash and cash equivalents at the end of the period	12	**—**	—

1 General information

Fulcrum Pharma Ltd (the "Company"), formerly Fulcrum Pharma plc, is a holding company for a group of professional service companies providing clients with expert solutions for the development of therapeutic products The Company was a public limited company and re-registered as a private limited company on 22 December 2010 It is incorporated and domiciled in the United Kingdom The address of its registered office is Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU, UK

The Company was acquired by Gold Medal Acquisitions UK Limited on 9 June 2010 for £11 5m cash, a price of 5 85p per share

The Company was previously listed on the London AIM stock exchange but has now deregistered

2 Summary of significant accounting policies

Basis of preparation

The financial statements for the Company have been prepared in accordance with IFRS as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared under the historical cost convention except for certain items that have been measured at fair value as detailed in the individual accounting policies below

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources Actual results may differ from these estimates

In preparing the accounts for the year, the Company has adopted the following new and amended IFRS and IFRIC interpretations

- IFRS 1 (revised) "First-time Adoption of International Financial Reporting Standards"
- IFRS 2 (revised) "Share-based Payments"
- IFRS 3 (revised) "Business Combinations"
- IFRS 5 (revised) "Non-current assets held for sale and discontinued operations"
- IFRS 7 (revised) "Financial Instruments Disclosures"
- IFRS 8 (revised) "Operating Segments"
- IAS 1 (revised) "Presentation of Financial Statements"
- IAS 16 (revised) "Property, Plant and Equipment"
- IAS 19 (revised) "Employee Benefits"
- IAS 20 "Government grants and disclosure of government assistance"
- IAS 23 (revised) "Borrowing Costs"
- IAS 27 (revised) "Consolidated and separate financial statements"
- IAS 28 (revised) "Investments in Associates"
- IAS 29 (revised) "Financial reporting in hyperinflationary economies"
- IAS 31 (revised) "Interests in joint ventures"
- IAS 32 (revised) "Financial Instruments Presentation" and IAS 1 (revised) "Presentation of Financial Statements – Puttable Instruments and Instruments with Obligations Arising on Liquidation"
- IAS 36 (revised) "Interim financial reporting"
- IAS 38 (revised) "Intangible assets"
- IAS 39 (revised) "Financial Instruments Recognition and Measurement"
- IAS 40 (revised) "Investment property"
- IAS 41 (revised) "Agriculture"
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 18 "Transfer of Assets from Customers"

The adoption of these standards did not have any effect on the financial position of the Company, or result in changes in accounting policy or additional disclosure

With the exception of the above, the accounting policies set out below have been applied consistently for all periods presented in these financial statements

Basis of consolidation

The Company is exempt by virtue of Section 400 of the companies Act 2006 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary of Gold Medal Acquisitions UK Limited The consolidated financial statements of Gold Medal Acquisitions UK Limited are available from the address given in Note 1

Foreign currencies

The financial statements are presented in sterling, which is the Company's functional and presentational currency

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 and the gains or losses on translation are included in the income statement

2 Summary of significant accounting policies (continued)

Employee benefits – share-based compensation

The Company issues equity-settled share-based payments to certain employees in the group In accordance with IFRS 2 "Share-based Payments", equity-settled share-based payments are measured at fair value at the date of grant Fair value is measured by use of the Black-Scholes pricing model The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will ultimately vest The Company has applied the exemption available and has applied the provisions of IFRS 2 only to those options awarded after 7 November 2002 and which were outstanding at 1 September 2006 At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest The Company recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument

Investments

Investments in subsidiary companies are stated at cost less impairment

Investments are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable

Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost Interest payable on bank loans and overdrafts is written off to the income statement using the effective interest rate method

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that gives a residual interest in the assets of the Company after deducting all of its liabilities

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Compound financial instruments

Compound financial instruments are split between the liability and equity components at the date the financial instrument is issued The fair value of the liability element is calculated using the market interest rate of an equivalent non-convertible loan The residual amount, representing the value of the equity conversion option, is included in equity

Pensions

The Company makes contributions to individual personal pension plans The contributions are charged to the income statement as they are incurred

Trade payables

Trade payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on the taxable profit for the year Taxable profit differs from profit reported in the income statement because the former excludes items of income or expense that are either taxable or deductible in other years or that are never taxable or deductible, and it includes tax reliefs that are not included in the income statement The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are provided in full on temporary differences, and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised Deferred tax is provided using the rates of tax that are expected to apply in the period when the liability is settled or the asset is realised

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, available with no penalty, with original maturities of three months or less and bank overdrafts

ESOP Trust

The Company has adopted SIC 12 "Consolidation – Special Purpose Entities" in accounting for the ESOP Trust in the consolidated financial statements The Company recognises the assets and liabilities of the ESOP Trust in its own financial statements, and shares held by the trust are recorded at cost less impairment as a deduction in arriving at shareholders' funds until such time as the shares vest unconditionally to employees

2 Summary of significant accounting policies (continued)

Exceptional items

Exceptional items, which are presented on the face of the income statement, are those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, and so facilitate comparison with prior periods and the assessment of trends in financial performance

Recent accounting developments

At the date of the authorisation of these financial statements, there are a number of standards, amendments and interpretations that have been published The Company has not early adopted any standards, amendments or interpretations

The standards, amendments and interpretations that are expected to impact upon the Company are

- IFRS 7 (revised) "Financial Instruments Disclosures" – amendments resulting from the May 2010 Annual Improvements to IFRSs The amendment will apply to the Company from the annual period commencing 1 January 2011
- IFRS 8 (revised) "Operating Segments" – amendments resulting from the April 2009 Annual Improvements to IFRSs The amendment will apply to the Company from the annual period commencing 1 January 2011
- IFRS 9 "Financial Instruments – Classification and measurement" The standard will apply to the Company from the annual period commencing 1 January 2013
- IAS 1 (revised) "Presentation of Financial Statements" The amendment will apply to the Company from the annual period commencing 1 January 2011
- IAS 7 "Statement of cashflows" The standard will apply to the Company from the annual period commencing 1 January 2011
- IAS 12 "Income taxes" The standard will apply to the Company from the annual period commencing 1 January 2012
- IAS 24 "Related Party disclosures" The standard will apply to the Company from the annual period commencing 1 January 2011
- IAS 27 (revised) "Consolidated and separate financial statements" The standard will apply to the Company from the annual period commencing 1 January 2011
- IAS 39 (revised) "Financial Instruments Recognition and Measurement" The standard will apply to the Company from the annual period commencing 1 January 2011

The following standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Company

- IFRS 1 (revised) "First time adoption of international financial reporting standards" The amendment will apply to the Company from the annual period commencing 1 January 2011
- IFRS 2 (revised) "Share-based payments" – amendments relating to group cash-settled share-based payment transactions The amendment will apply to the Company from the annual period commencing 1 January 2011
- IFRS 3 (revised) "Business combinations" – amendments resulting from the May 2010 Annual Improvements to IFRSs The amendment will apply to the Company from the annual period commencing 1 January 2011
- IFRS 5 (revised) "Non-current assets held for sale and discontinued operations" – amendments resulting from the April 2009 Annual Improvements to IFRSs The amendment will apply to the Company from the annual period commencing 1 January 2011
- IFRS 10 "Consolidated financial statements" The standard will apply to the Company from the annual period commencing 1 January 2013
- IFRS 11 "Joint arrangements" The standard will apply to the Company from the annual period commencing 1 January 2013
- IFRS 12 "Disclosure of interests in other entities" The standard will apply to the Company from the annual period commencing 1 January 2013
- IFRS 13 "Fair value measurement" The standard will apply to the Company from the annual period commencing 1 January 2013
- IAS 17 (revised) "Leases" The standard will apply to the Company from the annual period commencing 1 January 2011
- IAS 19 (revised) "Employee Benefits" The standard will apply to the Company from the annual period commencing 1 January 2013
- IAS 28 (revised) "Investments in Associates" The standard will apply to the Company from the annual period commencing 1 January 2013
- IAS 32 (revised) "Financial Instruments Presentation" The standard will apply to the Company from the annual period commencing 1 January 2011
- IAS 34 (revised) "Interim financial reporting" The standard will apply to the Company from the annual period commencing 1 January 2011
- IAS 36 (revised) "Impairment of assets" The standard will apply to the Company from the annual period commencing 1 January 2011

3 Segmental reporting

The Directors consider there to be no relevant segmental reporting metrics for the Company other than the primary financial statements as the sole business is that of a holding company The Company is located entirely within the UK

4 Profit on ordinary activities

This is stated after charging / (crediting)

	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £000
Auditors' remuneration		
– fees payable to the Company's auditors for the audit of the Company	**5**	—
Previous auditor's remuneration		
– fees payable to the Company's auditors for the audit of prior year accounts	**—**	31
– fees payable to the Company's auditors for the audit of the Company and consolidated accounts	**—**	30
– other non-audit services	**20**	10
Foreign exchange gains through the income statement	**(17)**	(111)

5 Staff costs and numbers

Staff costs

	Note	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £000
Wages and salaries		**1,151**	599
Social security costs		**143**	61
Pension costs		**73**	56
Share-based employee remuneration	20	**21**	25
		1,388	741

Staff numbers

The average monthly number of employees (including executive Directors) during the period was

	Period from 1 September 2009 to 31 December 2010 Number	Year ended 31 August 2009 Number
Sales and administration	**7**	9
	7	9

Directors' emoluments

The emoluments of the Directors for the period ended 31 December 2010 were £1,159,000 (2009 £770,000) The emoluments of the highest paid Director during the period was as follows

	Period from 1 September 2009 to 31 December 2010		Year ended 31 August 2009	
	£'000	£'000	£000	£000
	Highest paid Director	All Directors	Highest paid Director	All Directors
Basic salary and fees	**149**	**614**	186	636
Bonus	**187**	**254**	—	—
Share-based payment	**17**	**35**	12	28
Pension contributions	**33**	**69**	8	43
Compensation for loss of office	**187**	**187**	63	63
	573	**1,159**	269	770

	Period from 1 September 2009 to 31 December 2010 Number	Year ended 31 August 2009 Number
Members of money purchase pension schemes	**3**	3

6 Exceptional items

The Company separately presents exceptional items relating to reorganisation costs and acquisition expenses in respect of an acquisition under negation during the prior year which was not completed The revision to IFRS 3, as adopted by the Company, requires all acquisition costs to be expensed through the income statement In the judgement of the Directors, these need to be disclosed separately by virtue of their size and incidence in order for the reader to obtain a proper understanding of the financial information

	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £ 000
Reorganisation costs	1,013	148
Acquisition costs written off under IFRS 3 (revised)	7	337
Total exceptional items	**1,020**	**485**

7 Finance income and costs

	Note	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £ 000
Interest income			
– bank interest		—	11
– intercompany interest receivable		167	148
Finance income		**167**	**159**
Interest expense			
– on bank loans and overdrafts		—	(23)
– on convertible loan stock		(25)	(18)
Finance costs		**(25)**	**(41)**
Net finance costs		**141**	**118**

8 Income tax expense

	Note	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £ 000
Current taxation		—	—
Total current taxation		—	—
Deferred taxation		—	—
Taxation charge		—	—

The tax charge on the Company's loss before income tax differs from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	Period from 1 September 2009 to 31 December 2010 £'000	Year ended 31 August 2009 £ 000
Loss on ordinary activities before tax	**(1,203)**	(597)
Tax calculated at the standard UK rate of 28% (2009 30%)	(337)	(167)
Effects of		
– loss making activities	337	167
Income tax expense	—	—

9 Dividends

No interim dividend was declared during the period (2009 £Nil) No final dividend has been proposed (2009 £Nil)

10 Investments

	Investments in subsidiary companies	Capital contributions arising from share-based payments	Total
	£000	£000	£000
Cost			
At 31 August 2008	5,346	185	5,531
Additions	34	52	86
Dividend of pre-acquisition profits	(290)	—	(290)
At 31 August 2009	**5,090**	**237**	**5,327**
Additions	8	61	69
At 31 December 2010	**5,098**	**298**	**5,396**

The investments represent shares in subsidiary companies The Company does not hold any trade investments

The Company owns the following subsidiaries

Company	Country of incorporation	Class of share	Proportion held (%)	Principal activities
Aptiv Solutions (UK) Ltd (formerly Fulcrum Pharma (Europe) Limited)	United Kingdom	Ordinary	100	Drug development & professional services
Fulcrum Pharma Developments Limited	United Kingdom	Ordinary	100	Dormant
Fulcrum Pharma Developments International Limited	United Kingdom	Ordinary	100	Holding company
Quadramed Limited	United Kingdom	Ordinary	100	Dormant
Unicus Regulatory Services Limited	United Kingdom	Ordinary	100	Dormant
Unicus Limited	United Kingdom	Ordinary	100	Dormant
Unicus Training Limited	United Kingdom	Ordinary	100	Struck off on 21 June 2011
Unicus Coaching & Development Limited	United Kingdom	Ordinary	100	Dormant
Fulcrum Ventures Limited	United Kingdom	Ordinary	100	Dormant
Fulcrum Regulatory Limited	United Kingdom	Ordinary	100	Dormant
Fulcrum Regulatory Services Limited	United Kingdom	Ordinary	100	Dormant
Fulcrum Pharma Developments Inc	United States	Ordinary	100	Drug development & professional services
GPB KK	Japan	Ordinary	100	Holding company
Fulcrum Pharma KK	Japan	Ordinary	100	Drug development & professional services
Niphix KK	Japan	Ordinary	100	Clinical Research Organisation

Fulcrum Pharma Developments International Limited owns 100% of the share capital of Fulcrum Pharma Developments Inc and GPB KK, and GPB KK owns 100% of the share capital of Fulcrum Pharma KK and Niphix KK

11 Trade and other receivables

	At 31 December 2010	At 31 August 2009
	£'000	£000
Amounts owed by subsidiary undertakings	**3,005**	3,394
Other receivables	**418**	9
Prepayments and accrued income	**27**	9
	3,450	3,412

Included within amounts owed by subsidiary undertakings, is an amount of £2,500,000 (2009 £2,500,000) due after more than one year This amount attracts interest at a rate of 5% per annum

There is no material difference between the book value and carrying value of trade and other receivables

The Company has no trade receivables

All of the Company's trade and other receivables are denominated in sterling

The Company has no provision for impaired receivables

The other classes within trade and other receivables do not contain impaired amounts

12 Cash and cash equivalents

	At 31 December 2010	At 31 August 2009
	£'000	£000
Cash at bank and in hand	**—**	—

13 Trade and other payables – current

	At 31 December 2010 £'000	At 31 August 2009 £ 000
Trade payables	**34**	8
Other taxes and social security costs payable	**19**	16
Deferred cash consideration	**—**	38
Amounts owed to group undertakings	**18**	—
Other payables	**268**	178
Accruals and deferred income	**308**	156
	647	396

14 Borrowings

	At 31 December 2010 £'000	At 31 August 2009 £ 000
Current		
– intercompany loan notes	**460**	—
– convertible loan notes	**—**	460
	460	460

There is no difference between the fair value and carrying value of borrowings
See Note 16 for details of the intercompany loan notes

15 Share capital

	Authorised		Authorised	
	2010 Number	2010 £'000	2009 Number	2009 £ 000
Ordinary shares of 1p each	**400,000,000**	**4,000**	400,000,000	4,000

	Allotted, called up and fully paid		Allotted called up and fully paid	
	2010 Number	2010 £'000	2009 Number	2009 £ 000
Ordinary shares of 1p each				
At 31 August	**196,521,019**	**1,965**	177,940,743	1,779

The Company's entire share capital was purchased by Gold Medal Acquisitions on 9 June 2010 for 5 85p per share The shares are no longer publicly traded

Share premium

	2010 £'000	2009 £ 000
Share premium at 1 September	**6,082**	6,082
Premium on issue of new shares	**534**	—
At 31 August	**6,616**	6,082

15 Share capital (continued)

Share options

Options over ordinary shares of 1p each were granted to Directors and employees under share option schemes The Company had issued options as follows

	Held at 1 September 2009 Number	Granted Number	Lapsed / cancelled Number	Exercised Number	**Held at 31 December 2010 Number**	Granted since year end Number	At date of this report Number
Professor Sir C F George	225,000	—	(125,000)	(100,000)	—	—	—
Dr F M Armstrong	7,200,000	—	(6,000,000)	(1,200,000)	—	—	—
Mr C G G Smith	7,300,000	—	(5,050,000)	(2,250,000)	—	—	—
Dr J A Bell	250,000	—	—	(250,000)	—	—	—
Dr M G Carter	250,000	—	—	(250,000)	—	—	—
Mr G D Cook	400,000	—	—	(400,000)	—	—	—
Mr K L Lacey	200,000	—	—	(200,000)	—	—	—
Mr F C Condella	200,000	—	—	(200,000)	—	—	—
Mr B K Knight	5,400,000	—	(4,600,000)	(800,000)	—	—	—
Employees							
– EMI (approved)	17,153,143	—	(4,033,583)	(13,119,560)	—	—	—
– approved scheme	444,444	—	(444,444)	—	—	—	—
– US approved	7,725,000	—	(4,250,000)	(3,475,000)	—	—	—
– unapproved scheme	7,536,379	—	(7,536,379)	—	—	—	—
– ESOP	8,368,791	—	(4,575,000)	(3,793,791)	—	—	—
	62,652,757	—	(36,614,406)	(26,038,351)	—	—	—

Each of the Company's schemes above had standing vesting periods of three years

The ESOP Trust was set up in June 2002 to benefit the employees of the Company The ESOP Trust was administered by Pinnacle Trustees Limited, an independent professional trust company resident in Jersey The ESOP Trust provided for the issue of options to Fulcrum Pharma plc employees at the discretion of the trustee acting upon the recommendation of the Board

Funding for the share purchases by the ESOP Trust was provided by a loan from the Company

At 31 December 2010, the ESOP Trust held no ordinary shares (2009 6,622,601) with a cost of £Nil (2009 £246,000) and a market value of £Nil (2009 £190,000) All costs relating to the Trust are dealt with in the income statement as they accrue The total costs charged to the income statement for the period ended 31 December 2010 were £6,000 (2009 £7,000)

16 Financial instruments

The Company's main objectives in using financial instruments are the maximisation of returns from funds held on deposit and, when appropriate, the generation of additional cash resources for subsidiary operations through financing arrangements for capital assets and through the issue of shares and other financing instruments The main purpose of these financial instruments is to provide working capital for the subsidiary operations in the UK, Japan and US

The Company's policy is to raise cash when it is required and when market conditions are appropriate, using those financial instruments that can be negotiated with the providers of finance at that time These instruments include bank loans and finance leases

Classification

Classification of the Company's financial instruments is given below

	At 31 December 2010			
	Sterling £'000	**Yen £'000**	**US dollar £'000**	**Total £'000**
Financial assets				
Loans and receivables				
Trade and other receivables	**3,200**	**198**	**52**	**3,450**
	3,200	**198**	**52**	**3,450**
Financial liabilities				
Other financial liabilities				
Intercompany loan notes	**460**	—	—	**460**
Trade and other payables	**647**	—	—	**647**
	1,107	—	—	**1,107**

16 Financial instruments (continued)

	At 31 August 2009			
	Sterling £ 000	Yen £ 000	US dollar £ 000	Total £ 000
Financial assets				
Loans and receivables				
Trade and other receivables	3,202	76	134	3,412
	3,202	76	134	3,412
Financial liabilities				
Other financial liabilities				
Convertible loan notes	460	—	—	460
Trade and other payables	396	—	—	396
	856	—	—	856

A 10% weakening of sterling would result in a £28,000 increase in profits, while a 10% strengthening would result in a £23,000 decrease in profits

Interest rate profile of the Company's financial liabilities

	At 31 December 2010		At 31 August 2009	
	Floating Sterling £'000	Total £'000	Floating Sterling £ 000	Total £ 000
Intercompany loan notes	**460**	**460**	—	—
Convertible loan notes	**—**	**—**	460	443
	460	**460**	460	443

Financial liabilities

The total amount of intercompany loan notes outstanding at 31 December 2010 was £460,000 (2009 £Nil) The total amount of convertible loan notes outstanding at 31 December 2010 was £Nil (2009 £460,000) which incurred interest charges of between 2% and 4% above the base rate of National Westminster Bank plc

The Company issued £460,000 of convertible loan notes as deferred consideration for the acquisition of Unicus (see Note 19) The terms of the conversion were that the holder of the notes was entitled to convert the value of the notes into ordinary share capital of the Company on the basis that the issue of one ordinary share satisfies 6p of loan note indebtedness Interest was payable on the convertible loan notes at the lower of 2% (or 4% if overdue) above the base rate of National Westminster Bank plc or 7 5% On 30 December 2010, these loan notes were transferred to the ultimate parent undertaking, Aptiv Solutions, Inc The intercompany loan notes are not convertible and do not attract interest

A 0 5% increase in LIBOR would reduce the Company's profit by £2,000 A 0 5% decrease would have the opposite effect

Borrowing facilities

The Company had no unused borrowing facilities at 31 December 2010 (2009 £Nil)

Interest rate profile of the Company's financial assets

The Company had no cash at bank and in hand at 31 December 2010 or 31 August 2009

The Company maintains sterling accounts only Cash and bank balances represent floating rate cash held in current accounts and deposit accounts with banks at interest rates based on interbank rates

Fair values

There is no material difference between the fair value and the carrying value of the Company's financial assets and liabilities at 31 December 2010

17 Commitments under operating leases to pay rentals

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2010 £'000	2009 £ 000
No later than one year	**88**	—
Later than one year and no later than five years	**659**	—
Later than five years	**704**	—
	1,451	—

18 Pensions

The Company makes contributions to individual personal pension plans The total charge for the year was £73,000 (2009 £56,000) There are £2,000 of unpaid contributions outstanding at the period end (2009 £Nil)

19 Acquisitions

On 19 March 2007 the Company acquired the entire issued share capital of Unicus for an initial consideration of £2 3m in cash, of which £159,000 was refunded by the vendor pursuant to the sale and purchase agreement, and further consideration of £200,000 which was paid in employee benefits Deferred consideration of £846,000 based on the turnover of Unicus during the year ended 31 July 2008 was payable at the start of the period

The deferred consideration was payable as £386,000 in cash and £460,000 in convertible loan notes Of the cash consideration, the outstanding balance of £36,000 was paid near the beginning of the period The convertible loan notes were repayable in three equal instalments within the period 1 May 2009 to 1 May 2010, although they were deferred with the consent of the vendor On 30 December 2010, these loan notes were transferred to the ultimate parent undertaking, Aptiv Solutions, Inc The terms of the loan notes are stated in Note 16

Line items relating to acquisitions in the primary statements are as follows

	Note	2010 £'000	2009 £ 000
Acquisition costs recognised in income statement			
Adjustment to net asset consideration		—	8
Costs incurred for acquisition not completed	6	7	337
		7	345
Acquisition costs recognised in cash flow statement			
Payment of cash consideration		36	348
		36	348

20 Share-based payments

The Company operated various share option schemes including an Employee Share Ownership Plan under which options were exercisable at a price equal to middle market quotation from the Daily Official List of the London Stock Exchange for the trading day immediately preceding the date of grant The various schemes allowed for granting of share options up to 15% of the issued ordinary share capital except for the grant of options over a maximum of 20,000,000 shares to Directors and senior employees which was approved at the Company's Extraordinary General Meeting on 12 April 2007 Grants were normally made within 42 days following the announcement of final or interim results of the Company No payment was required for the grant of the share option Performance criteria only applied to the grant of the maximum of 20,000,000 shares approved on 12 April 2007 The usual minimum vesting period was three years but options could vest earlier in certain circumstances such as staff incentive arrangements in newly acquired subsidiaries, or events of redundancy or death

All outstanding share options vested and were exercised on 9 June 2010 when the Company was acquired No further share options will be issued and the option schemes are now closed

IFRS 2

Details of the share options outstanding during the period that were issued after 7 November 2002 by the Company are as follows

	Period from 1 September 2009 to 31 December 2010		Year ended 31 August 2009	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at 1 September	**59,971,934**	**6 35p**	47,085,839	6 20p
Granted during the period	—	—	16,325,000	6 06p
Lapsed during the period	**(34,213,583)**	**8 54p**	(2,918,219)	2 91p
Exercised during the period	**(25,758,351)**	**3 43p**	(520,686)	1 00p
Outstanding at end of period	—	—	59,971,934	6 35p
Exercisable at end of period	—	—	20,366,934	4 31p

There were no options outstanding at the end of the period The options outstanding at the end of 2009 had a weighted contractual life of 7 93 years For the options exercised during the period, the weighted average share price at the date of exercise was 5 71p (2009 2 57p) The options charge for the year is disclosed in Note 5

The estimated fair values of options granted since 7 November 2002 were calculated using the Black-Scholes option pricing model

Share options granted prior to 7 November 2002

The movement in share options granted prior to 7 November 2002 is as follows

Subscription price per share	Number of shares at 1 September 2009	Lapsed	Exercised	Number of shares at 31 December 2010	Period within which exercisable
3 00p	300,000	—	(300,000)	—	31 Aug 2001 – 7 Mar 2010
3 00p	100,000	(100,000)	—	—	7 Mar 2003 – 7 Mar 2010
6 75p	2,280,823	(2,280,823)	—	—	4 Jul 2003 – 4 Jul 2010
	2,680,823	(2,380,823)	(300,000)	—	

There were no performance criteria in relation to the share options at the subscription prices of 3 00p and the performance criteria of the share options at 6 75p were met in the year ended 31 August 2001

21 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Gold Medal Acquisitions UK Ltd Gold Medal Acquisitions UK Ltd has included the Company in its group accounts which may be obtained from Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU, UK

The ultimate parent undertaking and ultimate controlling party is Aptiv Solutions, Inc, incorporated in the state of Delaware, US

22 Related party transactions

Key management

The Directors are of the opinion that the key management of the Company consists of the Directors The costs of employment of the key management are disclosed in Note 5

Intercompany transactions

During the year, the Company entered into transactions in the ordinary course of business with other related parties as follows

	Period from 1 September 2009 to 31 December 2010	Year ended 31 August 2010
	2010	2009
	£'000	£000
Transactions during the year with subsidiary undertakings		
Costs recharged by subsidiary undertakings	**765**	652
Balance at 31 December with subsidiary undertakings		
Amounts due from subsidiary undertakings	**3,005**	3,394
Amounts due to subsidiary undertakings	—	—
Loans made to the ESOP Trust	—	246

During the period, the Company received £246,000 in repayment of the loan to the Fulcrum Pharma plc Employee Share Option Plan Trust to acquire shares in the Company to satisfy grants made under the share option plan (2009 Loan made of £68,000)