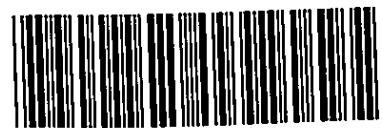


Company registration number: 05577228 (England and Wales)

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

MONDAY



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CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

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CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

COMPANY INFORMATION

Directors	J C Mayo S Evans-Freke S B Parker
Company secretary	S B Parker
Registered number	05577228
Registered office	4th Floor, Reading Bridge House George Street Reading RG1 8LS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Abacus House Castle Park Cambridge CB3 0AN

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

Principal activities

The principal activity of the company continued to be that of providing professional services in connection with the development and commercialisation of pharmaceutical products

Results and dividends

The company's results for the year are set out in the profit and loss on page 6. The directors made a final dividend payment of £386,721 for 2010. A dividend of £70,878 was declared and paid post year end this is not recognised as an expense in the year as it was not approved at the balance sheet date.

Directors

The following directors have held office during the year and up to the date of signing the financial statements

J C Mayo
S Evans-Freke
S B Parker

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 the company and of the profit or loss of the company for that period. In preparing these statements, the directors are required to

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

The directors are responsible for keeping 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.

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

Statement of disclosure to auditors

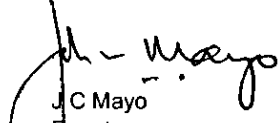
All directors in office at the date the directors' report is approved confirm,

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board


J.C Mayo
Director
30 August 2011

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

We have audited the financial statements of Celtic Pharma Development Services Europe Limited for the year ended 31 December 2010 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) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors Responsibilities set out on page 2 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with 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 year 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

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED - (CONTINUED)

- 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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime and take advantage of the small companies' exemption in preparing the Directors' Report

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company expects to have further cash outflows during the next year and, in order to continue trading, will require additional funding from its parent company. The parent company itself needs to raise further funds, that are not yet committed, in order to provide additional funds to the Company. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the ability of the Company to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Stuart Newman

Stuart Newman (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

Date

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover		1,821,400	2,781,933
Administrative expenses		<u>(1,752,380)</u>	<u>(2,611,692)</u>
Operating profit	2	69,020	170,241
Interest receivable and similar income	3	339	339
Interest payable and similar charges	4	<u>-</u>	<u>(1,377)</u>
Profit on ordinary activities before taxation		69,359	169,203
Tax on profit on ordinary activities	5	<u>(22,130)</u>	<u>(59,563)</u>
Profit for the financial year	11,12	<u>47,229</u>	<u>109,640</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account, and therefore no separate statement of total recognised gains and losses has been prepared

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2010

Company registration number 05577228

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	6	<u>14,879</u>	<u>27,761</u>
Current assets			
Debtors	7	201,525	439,256
Cash at bank and in hand		<u>322,477</u>	<u>377,688</u>
		524,002	816,944
Creditors amounts falling due within one year	8	<u>(350,392)</u>	<u>(355,894)</u>
Net current assets		<u>173,610</u>	<u>461,050</u>
Total assets less current liabilities		188,489	488,811
Provisions for liabilities	9	<u>(117,511)</u>	<u>(78,341)</u>
Net assets		<u>70,978</u>	<u>410,470</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	457,599	410,370
Dividend distributed	11	<u>(386,721)</u>	<u>-</u>
Total shareholders' funds	12	<u>70,978</u>	<u>410,470</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors for issue on 30 August 2011 and signed on its behalf by

J C Mayo
Director

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008' and with the Financial Reporting Standard for Smaller Entities (effective April 2008), all of which have been applied consistently throughout the year.

1.2 Turnover

Turnover represents amounts receivable from Celtic Pharma Development Services Bermuda Limited, the Bermudan parent company of Celtic Pharma Development Services Europe Limited, in respect of the professional services provided to pharmaceutical companies in Europe and North America in which the parent company has an interest, and fees for professional services provided to Celtic Pharma Holdings Advisors LLP, a United Kingdom entity which is outside of the immediate group but which remains a related party. Revenue is recognised upon the raising of an invoice.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use. As detailed below, depreciation is provided 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. The expected useful economic lives of each class of asset are reviewed regularly.

Leasehold improvements	period of lease
Computer and Office equipment	3 years
Fixtures and Fittings	5 years

1.4 Leasing

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

1.5 Current and deferred taxation

The tax expense for the current period comprises the tax payable on taxable income for the year, using rates applicable at the balance sheet date and adjustments in respect of earlier years. No deferred tax is calculated as there are no timing differences in revenue.

1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account in the period in which they occur.

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies - continued

1.7 Cash flow statement

In accordance with the exemption available under the Financial Reporting Standard for Smaller Entities (effective April 2008), a cash flow statement has not been prepared

1.8 Going concern

As of December 31, 2010, Celtic Pharmaceutical Holdings L.P. had an unfunded loan obligation due in December 2011 as well as a projected working capital deficiency. These factors raise substantial doubt as of the reporting date about the Partnership's ability to continue as a going concern. The General Partner of Celtic Pharmaceutical Holdings L.P. has taken a series of steps, including asset divestitures in the ordinary course of the life cycle of the Partnership, which are expected to address these shortfalls, and, therefore, the Partnership's financial statements as of December 31, 2010 were presented on a going concern basis.

Accordingly, the Company believes that it will receive the necessary funding from Celtic Pharmaceutical Holdings L.P. to continue to operate as a going concern, and the financial statements have, therefore, been prepared on a going concern basis.

1.9 Dividends

Dividend distribution to the company's shareholders is recognised in the financial statements in the period in which the dividends are approved by the company's shareholders.

1.10 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted as the effect of discounting is considered to be immaterial to the financial statements.

2 Operating profit	2010	2009
	£	£
Operating profit is stated after charging / (crediting)		
Depreciation of tangible assets	15,955	18,560
Service provided by the company's auditor		
Fee payable for the audit	10,000	6,750
Gains / (Losses) on foreign exchange transactions	<u>2,008</u>	<u>(1,163)</u>
3 Interest receivable and similar income	2010	2009
	£	£
Bank interest	<u>339</u>	<u>339</u>
4 Interest payable and similar charges	2010	2009
	£	£
Other interest	<u>-</u>	<u>1,377</u>

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

5	Tax on profit on ordinary activities	2010	2009
		£	£
	Current tax		
	United Kingdom corporation tax on profit for the year	22,507	52,971
	Adjustment in respect of prior periods	<u>(377)</u>	<u>6,592</u>
	Total current tax charge	<u>22,130</u>	<u>59,563</u>

6	Tangible assets				
		Office equipment	Leasehold improvements	Fixtures & fittings	Total
		£	£	£	£
	Cost				
	At 1 January 2010	21,113	53,417	748	75,278
	Additions	<u>3,075</u>	<u>-</u>	<u>-</u>	<u>3,075</u>
	At 31 December 2010	<u>24,188</u>	<u>53,417</u>	<u>748</u>	<u>78,353</u>
	Accumulated depreciation				
	At 1 January 2010	13,288	34,143	86	47,517
	Charge for the year	<u>5,122</u>	<u>10,684</u>	<u>151</u>	<u>15,957</u>
	At 31 December 2010	<u>18,410</u>	<u>44,827</u>	<u>237</u>	<u>63,474</u>
	Net book amount				
	At 31 December 2010	<u>5,778</u>	<u>8,590</u>	<u>511</u>	<u>14,879</u>
	At 31 December 2009	<u>7,825</u>	<u>19,274</u>	<u>662</u>	<u>27,761</u>

7	Debtors	2010	2009
		£	£
	Trade debtors	45,796	99,078
	Amounts owed by group undertakings	110,544	296,197
	Other debtors	11,411	1,745
	Prepayments	<u>33,774</u>	<u>42,236</u>
		201,525	439,256

Amounts owed by group undertakings are interest free, unsecured and have no fixed date of repayment

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

8	Creditors amounts falling due within one year	2010 £	2009 £
	Trade creditors	69,945	39,244
	Amounts owed to group undertakings	19,984	426
	Corporation tax	22,507	17,682
	Other taxes and social security	37,496	59,162
	Other creditors	31,412	11,607
	Accruals	<u>169,048</u>	<u>227,773</u>
		<u>350,392</u>	<u>355,894</u>

Amounts owed to group undertakings are interest free, unsecured and have no fixed date of repayment

9	Provisions for liabilities	Dilapidations £
	At 1 January 2010	78,341
	Increase in provision	<u>39,170</u>
	At 31 December 2010	<u>117,511</u>

This provision is for dilapidation on 13 Bedford Square, the lease on the property expires May 2012

10	Called up share capital	2010 £	2009 £
	Authorised		
	100,000 (2009 100,000) Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	100 (2009 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11	Reserves	Profit and loss account £
	At 1 January 2010	410,370
	Profit for the financial year	47,229
	Dividends distributed	<u>(386,721)</u>
	At 31 December 2010	<u>70,878</u>

A dividend of £70,878 was declared and paid on 06 July 2011, the dividend has not been accounted for within the current year financial statements as it was not approved at the balance sheet date

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

12 Reconciliation of movements in shareholders' funds	2010 £	2009 £
Profit for the financial year	47,229	109,640
Opening equity shareholders' funds	410,470	300,830
Dividends distributed	(386,721)	-
Closing equity shareholders' funds	70,978	410,470

13 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases

	Land and buildings 2010 £	Land and buildings 2009 £
Operating leases which expire Between two and five years	60,300	70,583
	60,300	70,583

14 Directors' emoluments

The directors of the company are also directors or officers of other companies within the related group. These directors' services to the company do not occupy a significant amount of their time. As such these directors do not receive any remuneration for their services to the company.

15 Ultimate parent undertaking and controlling party

Celtic Pharma Development Services Bermuda Limited, a company incorporated in Bermuda, is the immediate parent company and the smallest and the largest group to consolidate. Copies of the financial statements for the group can be obtained from its registered office at Cumberland House, 1 Victoria Street, Fifth Floor, Hamilton, HM11 Bermuda.

16 Related party transactions

At 31 December 2010 the immediate parent company is Celtic Pharma Development Services Bermuda Limited. During the year ended 31 December 2010, in accordance with the development services agreement, costs were recharged to this company of £989,285 (2009 £2,440,091).

Included within amounts due from group undertakings at the balance sheet date was an amount of £109,786 (2009 £296,082) due from Celtic Pharma Development Services Bermuda Limited. Included within amounts due to group undertakings was an amount of £19,720 (2009 £426).

CELTIC PHARMA DEVELOPMENT SERVICES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

16 Related party transactions - continued

As J C Mayo is a designated member of Beehive Capital LLP, a limited liability partnership registered in England and Wales, it is considered a related party to the company. In the year ended 31 December 2010 the company was recharged administrative expenses of £86,479 (2009 £132,099) from Beehive Capital LLP (these represent rent, rates and facilities costs as sub-tenants of a London office) and made recharges of £3,595 (2009 £7,694)

At the balance sheet date, the company had the following balances with Beehive Capital LLP

- Trade debtors	£1,648 (2009 £649)
- Trade creditors	£ nil (2009 £5,813)

Celtic Pharma Holdings Advisors LLP, a limited liability partnership registered in England and Wales, is a subsidiary of Beehive Capital LLP and as such a related party of Celtic Pharma Development Services Europe Limited. In the year ended 31 December 2010 the company charged fees of £832,115 (2009 £341,842) to Celtic Pharma Holdings Advisors LLP. At the balance sheet date, the company was owed £24,463 (2009 £65,680) by Celtic Pharma Holdings Advisors LLP, which was included within trade debtors.

At the balance sheet date, the company had the following balances with other related parties

Celtic Pharma Management Services Europe Limited, a company registered in England and Wales

- Trade debtors	£20,990 (2009 £16,665)
- Trade creditors	£1,528 (2009 £7,423)

SA Investors Limited, a company registered in England and Wales

- Trade debtors	£308 (2009 £4,811)
-----------------	--------------------

During the year ended 31 December 2010, the company incurred administrative expenses from the following related parties

- Celtic Pharma Management Services Europe Limited - £4,550 (2009 £8,188)
- Celtic Pharma Development Services Bermuda Limited - £43,904 (2009 £71,858)
- Celtic Pharma Development Services America Inc - £nil (2009 £16,611)

During the year ended 31 December 2010, the company made recharges to the following entities

- Celtic Pharma Development Services Bermuda Limited - £nil (2009 £65,233)
- Celtic Pharma Management Services Europe Limited - £40,286 (2009 £50,137)
- SA Investors Limited - £18,103 (2009 £12,178)