

Registered number 05848073

Rosemont Holdings Limited
Directors' report and financial statements
For the year ended 31 December 2011



Rosemont Holdings Limited

Directors' report and financial statements For the year ended 31 December 2011

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Rosemont Holdings Limited

Directors and advisers for the year ended 31 December 2011

Directors

J M Blythe

N A Salvin

K James

S Dinnen

Company secretary

N A Salvin

Registered office

Rosemont House

Yorkdale Industrial Park

Braithwaite Street

Leeds

West Yorkshire

LS11 9XE

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

Solicitors

Wragge & Co LLP

3 Waterhouse Square

142 Holborn

London

EC1N 2SW

Bankers

HSBC Bank plc

8 Canada Square

London

E14 5HQ

Rosemont Holdings Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited consolidated financial statements of the group and company for the year ended 31 December 2011

Business review and principal activities

Rosemont Holdings Ltd is a holding company for the Rosemont group which includes Rosemont Pharmaceuticals Ltd, Acacia Biopharma Ltd, Rosemont Group Ltd and Rosemont Trustee Company Ltd. All trading activities for the group are undertaken by Rosemont Pharmaceuticals Ltd, whilst the debt structure including bank loans and loan notes is held by Rosemont Group Ltd.

The group's principal activity during the year was the development, manufacture and sale of oral liquid medicines.

There was a group loss for the year after taxation amounting to £4,608,000 (2010: £3,054,000).

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Business environment

Notwithstanding ongoing concerns regarding NHS funding, the core UK pharmaceuticals market continues to expand each year. Whilst generic competition remains strong, the group maintains its position as a market leader through its ability to continually expand its product portfolio with innovative, high quality products.

Strategy

The group's strategy is centred on the provision of high quality medicines to satisfy unmet medical needs. In particular, the group's existing portfolio of oral liquid medicines is designed to improve the lives of patients with swallowing difficulties ('dysphagia'), which typically affect the elderly or the very young.

The group's primary geographic focus remains the UK, although growth opportunities are increasingly being pursued in the US, Europe and other international territories.

Research and development

The group is currently undertaking development into the improvement of the product range and the introduction of new products to the market, both in the UK and abroad.

Future outlook

The directors have reviewed the group's long term forecasts and banking covenants and are confident that the group can continue to trade as a going concern into the foreseeable future. The group has a healthy stream of new products at various stages of development which, it is envisaged, will contribute positively to the continuing growth of the business. Coupled with the developing demographics towards a more ageing population, the group is well placed to continue to expand its customer base.

Principal risks and uncertainties

Whilst the pharmaceuticals sector in the UK and abroad faces changing times ahead, the directors believe the group is well positioned to adapt to any such changes, primarily as a result of its customer-focused approach to providing good value, high quality medicines which address unmet medical needs. We continue to work closely with customers to ensure all their needs are met. The group maintains a risk register to identify potential risks and the opportunities to mitigate them. A summary of the register is incorporated into the group's key performance indicators which are reviewed by the board of directors on a monthly basis in order to manage risk.

Rosemont Holdings Limited

Directors' report for the year ended 31 December 2011 (continued)

Key performance indicators

The group's KPIs cover all areas of the business, but the directors believe that the primary differentiator of the group from its competitors is the high quality of both its existing products and its new product pipeline, which has been evidenced by 17 new products in 2011 (2010 16). This pursuit of quality is combined with a clear focus on maintaining high levels of product availability across the customer base, from hospitals to wholesalers and retail pharmacies, to ensure continuing reliable supply of high quality medicines to the market. In the year this was evidenced with product availability of 99.95% (2010 99.86%). The group's KPIs are reviewed on a monthly basis at the meetings of both the senior management team and the board of directors. During the year the group also received ISO14001 accreditation, whilst maintaining its Investors in People and Positive about Disabled People accreditations.

Dividends

The directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2011 (2010 £nil).

Financing risk

Cash and cash equivalents comprise bank balances and short term deposits. The carrying amount approximates to fair value. The credit risk on cash and cash equivalents is negligible because the counter parties are banks with high credit ratings. The group's main risk relates to its trade debtors and these are therefore carefully managed with credit limits set based on trading history and credit agency reports. The carrying amount for trade debtors is net of a provision for doubtful debts.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J M Blythe

N A Salvin

K James

S Dinnen

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through company meetings, briefing groups and electronic communications.

Rosemont Holdings Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 group and parent company 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 group and the company and of the profit or loss of the group 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors


In accordance with the Companies Act, each director who was a director at the time the report was approved confirms the following:

- So far as each director is aware, there is no relevant audit information of which the group's auditors are unaware, and
- Each has taken all steps that each ought to have taken as a director in order to make himself aware of any relevant information and to establish that the group's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



N A Salvin
Company secretary

27-MAR-2012

Rosemont Holdings Limited

Independent auditors' report to the members of Rosemont Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Rosemont Holdings Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow, the accounting policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 group's and parent 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. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss and cash flows 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Rosemont Holdings Limited

Independent auditors' report to the members of Rosemont Holdings Limited (continued)

Matters on which we are required to report by exception

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

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

Ian Morrison

Ian Morrison (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

27 March 2012

Rosemont Holdings Limited

Consolidated profit and loss account for the year ended 31 December 2011

| | Note | 2011 £'000 | 2010 £'000 |
|--|------|---------------|---------------|
| Turnover | 1 | 35,818 | 38,785 |
| Cost of sales | | (10,667) | (10,829) |
| Gross profit | | 25,151 | 27,956 |
| Distribution costs | | (4,884) | (4,998) |
| Research and development | | (3,332) | (3,558) |
| Administrative costs | | (6,780) | (7,033) |
| Operating profit | 2 | 10,155 | 12,367 |
| Interest receivable and similar income | | 16 | 30 |
| Interest payable and similar charges | 6 | (13,203) | (13,702) |
| Loss on ordinary activities before taxation | | (3,032) | (1,305) |
| Tax loss on ordinary activities | 7 | (1,576) | (1,749) |
| Loss for the financial year | | (4,608) | (3,054) |

All items dealt with in arriving at operating profit above relate to continuing operations

The group has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

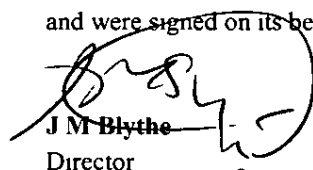
There is no difference between the loss on ordinary activities before taxation and the sustained loss for the period stated above and their historical cost equivalents

Rosemont Holdings Limited

Consolidated balance sheet as at 31 December 2011

| | Note | 2011 £'000 | Reclassified 2010 £'000 |
|---|------|---------------|-------------------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 65,060 | 69,029 |
| Tangible assets | 10 | 6,176 | 7,397 |
| Investments | 11 | - | - |
| | | 71,236 | 76,426 |
| Current assets | | | |
| Stock | 12 | 3,746 | 4,029 |
| Debtors | 13 | 7,564 | 7,000 |
| Cash at bank and in hand | | 6,669 | 12,504 |
| | | 17,979 | 23,533 |
| Creditors - amounts falling due within one year | 14 | (8,844) | (6,422) |
| Net current assets | | 9,135 | 17,111 |
| Total assets less current liabilities | | 80,371 | 93,537 |
| Creditors - amounts falling due after more than one year | 15 | (107,503) | (115,976) |
| Provisions for liabilities and charges | 17 | (171) | (256) |
| Net liabilities | | (27,303) | (22,695) |
| Capital and reserves | | | |
| Called up share capital | 18 | 198 | 198 |
| Share premium account | 19 | 846 | 846 |
| Profit and loss account | 19 | (28,347) | (23,739) |
| Total shareholders' deficit | 20 | (27,303) | (22,695) |

The financial statements on pages 7 to 26 were approved by the board of directors on 27-MAR-2012 and were signed on its behalf by

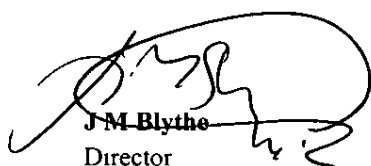

J M Blythe
Director

Rosemont Holdings Limited

Company balance sheet as at 31 December 2011

| | Note | 2011 £'000 | 2010 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 11 | - | - |
| Current assets | | | |
| Debtors | 13 | 967 | 967 |
| Creditors - amounts falling due within one year | 14 | - | - |
| Net current assets | | 967 | 967 |
| Net assets | | 967 | 967 |
| Capital and reserves | | | |
| Called up share capital | 18 | 198 | 198 |
| Share premium account | | 846 | 846 |
| Profit and loss account | | (77) | (77) |
| Total shareholders' funds | 20 | 967 | 967 |

The financial statements on pages 7 to 26 were approved by the board of directors on 27-MAR-2012 and were signed on its behalf by


J M Blythe
Director

Registered number 05848073

Rosemont Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2011

| | Note | 2011 £'000 | 2010 £'000 |
|---|------|---------------|---------------|
| Net cash inflow from operating activities | 21 | 16,141 | 20,037 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 16 | 30 |
| Interest paid | | (22,254) | (2,316) |
| Net cash outflow from returns on investments and servicing of finance | | (22,238) | (2,286) |
| Taxation | | (2,039) | (1,278) |
| Capital expenditure and financial investment | | | |
| Purchase of fixed assets | | (910) | (1,419) |
| Net cash (outflow)/inflow before use of liquid resources and financing | | (9,046) | 15,054 |
| Loan capital repayments | | 44,350 | - |
| Financing | | (41,139) | (14,316) |
| Net cash flow from financing | | 3,211 | (14,316) |
| (Decrease)/Increase in net cash | | (5,835) | 738 |
| Cash and cash equivalents at the start of the financial year | | 12,504 | 11,766 |
| Cash and cash equivalents at the end of the financial year | | 6,669 | 12,504 |

Rosemont Holdings Limited

Reconciliation of net cash flow to movement in net debt

| | Note | 2011 £'000 | 2010 £'000 |
|---|------|---------------|---------------|
| Increase in cash in the year | | 35,304 | 15,054 |
| Accrual for finance cost of debt | | (34,515) | (11,164) |
| Amortisation / Write-off of issue costs | | (782) | (222) |
| Movement in net debt in the year | 22 | 7 | 3,668 |
| Net opening debt | | (103,240) | (106,908) |
| Net closing debt | | (103,233) | (103,240) |

Rosemont Holdings Limited

Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom and in accordance with the Companies Act 2006. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared using uniform accounting policies for the same reporting date as the Company. Intra group transactions are eliminated.

Deferred income

Deferred income relates to a contract entered into with the Department of Health to hold additional stock of certain lines of product. There is a right of return on these products and the revenue is not recognised in the profit and loss account until this has lapsed.

Goodwill and intangible assets

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets arising on acquisition of product licences are capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over the period which the directors estimate that licences will yield revenue up to a maximum of 10 years.

Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded at cost less provision for impairment in value.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Leases

All leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Rosemont Holdings Limited

Accounting policies (continued)

Pensions

The group operates a defined contribution pension scheme for the benefit of all employees. The costs relating to this scheme are charged to the profit and loss account as they fall due.

Research and development

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Stocks and work in progress

Stocks and work in progress are stated at the lower of annual standard cost and net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Payments on account and assets in the course of construction are not depreciated. Depreciation only begins when the asset enters use. Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

| | |
|---------------------|---------------|
| Land and buildings | 10 years |
| Plant and machinery | 3 to 10 years |

Taxation

The charge for taxation is based on the results for the year. In accordance with FRS 19, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in obligation to pay more tax in the future or a right to pay less tax in the future have accrued at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from where the future reversal of underlying timing differences can be deducted.

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

Turnover

Turnover represents the invoiced value of goods supplied, excluding value added tax and trade discounts and is recognised on the point of despatch.

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

1 Turnover

The group's turnover and operating profit relate entirely to its principal activity. The geographical analysis of turnover is

| | 2011 £'000 | 2010 £'000 |
|-------------------|---------------|---------------|
| United Kingdom | 33,697 | 36,028 |
| Rest of Europe | 1,339 | 1,910 |
| Rest of the World | 782 | 847 |
| | 35,818 | 38,785 |

2 Operating profit

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Operating profit is stated after charging | | |
| Amortisation | | |
| Intangible fixed assets | 88 | 63 |
| Depreciation | | |
| Tangible fixed assets | 1,646 | 1,675 |
| Amortisation of goodwill | 4,366 | 4,366 |
| Loss on disposal of fixed assets | - | 1 |
| Operating lease charges | | |
| Plant and machinery | 211 | 220 |
| Other | 430 | 424 |
| Exchange losses | 65 | 78 |
| Research and development | 3,332 | 3,558 |
| Fees payable to the company's auditors for the audit of the company's annual financial statements | 10 | 10 |
| Fees payable to the company's auditors for other services | | |
| - the audit of the company's subsidiaries pursuant to legislation | 32 | 30 |
| - services relating to taxation | 46 | 34 |
| - services relating to advisory work | 94 | - |

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Directors' emoluments

| | 2011 | 2010 |
|--|--------------|------------|
| | £'000 | £'000 |
| Aggregate emoluments | 378 | 414 |
| Group pension contributions to money purchase scheme | 21 | 21 |
| Sums paid to third parties for directors' services | 87 | 106 |
| | 486 | 541 |

Retirement benefits are accruing to two (2010 two) directors under a defined contribution scheme

| | | |
|---|--------------|------------|
| Highest paid director | 2011 | 2010 |
| | £'000 | £'000 |
| Aggregate emoluments and amounts receivable under long-term incentive schemes | 208 | 229 |
| Group pension contributions to money purchase scheme | 12 | 12 |
| | 220 | 241 |

4 Employee costs

| | 2011 | 2010 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 6,618 | 6,561 |
| Social security costs | 705 | 699 |
| Pensions costs | 307 | 291 |
| Staff costs | 7,630 | 7,551 |

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was

| By activity | 2011 Number | 2010 Number |
|--------------------------|----------------|----------------|
| Production | 89 | 89 |
| Selling and distribution | 52 | 55 |
| Research and development | 25 | 24 |
| Administration | 32 | 33 |
| | 198 | 201 |

6 Interest payable and similar charges

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Interest payable on bank loans and overdrafts | 3,052 | 2,476 |
| Interest payable on other loans | 10,151 | 11,226 |
| Interest payable and similar charges | 13,203 | 13,702 |

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Tax on loss on ordinary activities

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Taxation on the profit for the year | | |
| UK corporation tax at 26.5% (2010: 28%) | 1,665 | 1,862 |
| Adjustments in respect of prior year | (4) | (14) |
| Corporation tax | 1,661 | 1,848 |
| Deferred tax charge during the year | (85) | (99) |
| Tax charge on profit on ordinary activities | 1,576 | 1,749 |

The tax assessed for the year is higher (2010: higher) than the standard rate of corporation tax in the United Kingdom of 26.5%. The differences are explained as follows:

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Loss on ordinary activities before tax | (3,032) | (1,305) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 26.5% (2010: 28%) | (803) | (365) |
| Effect of: | | |
| Expenses not deductible for tax purposes | 1,244 | 916 |
| Capital allowances in excess of depreciation | 77 | 93 |
| Other timing differences | (9) | (4) |
| Goodwill on consolidation | 1,156 | 1,222 |
| Adjustments in respect of prior year | (4) | (14) |
| Current tax charge for the year | 1,661 | 1,848 |

Adjustment in respect of prior years relates to a reduction in disallowable entertaining expenditure. The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, company's profits for this period are taxed at an effective rate of 26.5% (2010: 28%). With effect from the 1 April 2012, the standard rate of corporation tax will be reduced to 24%, with further 1% reductions proposed in each of the next 2 years.

8 Company profit and loss account

The company has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 and consequently a profit and loss account for Rosemont Holdings Limited is not presented. The loss dealt with in the financial statements of the company is £nil (2010: £77,100).

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9 Intangible fixed assets

| Group | Goodwill £'000 | Licences £'000 | Total £'000 |
|---------------------------------|-------------------|-------------------|----------------|
| Cost or valuation | | | |
| At 1 January 2011 | 87,310 | 1,118 | 88,428 |
| Additions in the year | - | 485 | 485 |
| At 31 December 2011 | 87,310 | 1,603 | 88,913 |
| Accumulated amortisation | | | |
| At 1 January 2011 | 19,282 | 117 | 19,399 |
| Charge for the year | 4,366 | 88 | 4,454 |
| At 31 December 2011 | 23,648 | 205 | 23,853 |
| Net book amount | | | |
| At 31 December 2011 | 63,662 | 1,398 | 65,060 |
| At 31 December 2010 | 68,028 | 1,001 | 69,029 |

The goodwill arising on the acquisition of Acacia Biopharma Limited group is being amortised on a straight-line basis over 20 years. This period is the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

The licences will be amortised on a straight-line basis over 10 years. This period is the period over which the directors estimate that the licences will yield revenue.

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

10 Tangible fixed assets

| Group | Land and buildings | Plant and machinery | Payments on account and assets in course of construction | Total |
|--|-----------------------|------------------------|--|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 January 2011 | 4,100 | 10,589 | 191 | 14,880 |
| Additions | - | - | 425 | 425 |
| Transfers | 22 | 508 | (530) | - |
| Disposals | - | (37) | - | (37) |
| At 31 December 2011 | 4,122 | 11,060 | 86 | 15,268 |
| Accumulated depreciation | | | | |
| At 1 January 2011 | 1,123 | 6,360 | - | 7,483 |
| Charge for the year | 406 | 1,240 | - | 1,646 |
| Disposals | - | (37) | - | (37) |
| At 31 December 2011 | 1,529 | 7,563 | - | 9,092 |
| Net book amount at 31 December 2011 | 2,593 | 3,497 | 86 | 6,176 |
| Net book amount at 31 December 2010 | 2,977 | 4,229 | 191 | 7,397 |

The company does not have fixed assets. Amongst the tangible assets of the group there are no material differences between market value and net book value of land and buildings.

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Fixed asset investments

| | 2011 Group £ | 2011 Company £ | Reclassified 2010 Group £ | 2010 Company £ |
|--|--------------------|----------------------|------------------------------------|----------------------|
| Cost and net book amount at 1 January | - | 2 | - | 2 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Cost and net book amount at 31 December | - | 2 | - | 2 |

Treasury shares have been reclassified to equity

Company investments represent holdings in the following undertaking

| Name of company | Country of Registration | Holding | Proportion held | Nature of business |
|-------------------------------------|----------------------------|--------------------|--------------------|-----------------------|
| Rosemont Trustee Company Limited | England | Ordinary shares | 100% | Trustee company |

| Name of company | Country of Registration | Holding | Proportion held | Nature of business |
|------------------------|----------------------------|--------------------|--------------------|--------------------------------|
| Rosemont Group Limited | England | Ordinary shares | 100% | Intermediary parent company |

Rosemont Group Limited had the following investment at 31 December 2011:

| Name of company | Country of Registration | Holding | Proportion held | Nature of business |
|--------------------------|----------------------------|--------------------|--------------------|--------------------------------|
| Acacia Biopharma Limited | England | Ordinary shares | 100% | Intermediary parent company |

Acacia Biopharma Limited had the following investment at 31 December 2011

| Name of company | Country of Registration | Holding | Proportion held | Nature of business |
|----------------------------------|----------------------------|--------------------|--------------------|---|
| Rosemont Pharmaceuticals Limited | England | Ordinary shares | 100% | Manufacture and sale of oral liquid pharmaceuticals |

The directors believe the carrying value of the investments to be supported by their underlying net assets

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

12 Stocks

| | 2011 Group £'000 | 2011 Company £'000 | 2010 Group £'000 | 2010 Company £'000 |
|-------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Raw materials and consumables | 1,419 | - | 1,646 | - |
| Finished goods and goods for resale | 2,327 | - | 2,383 | - |
| | 3,746 | - | 4,029 | - |

13 Debtors

| | 2011 Group £'000 | 2011 Company £'000 | 2010 Group £'000 | 2010 Company £'000 |
|------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Trade debtors | 6,894 | - | 6,428 | - |
| Amounts owed by group undertakings | - | 967 | - | 967 |
| Prepayments and accrued income | 670 | - | 572 | - |
| Corporation tax recoverable | - | - | - | - |
| | 7,564 | 967 | 7,000 | 967 |

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

14 Creditors – amounts falling due within one year

| | 2011 Group £'000 | 2011 Company £'000 | 2010 Group £'000 | 2010 Company £'000 |
|-------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans and overdrafts (note 16) | 4,000 | - | 1,749 | - |
| Trade creditors | 1,293 | - | 1,023 | - |
| Corporation tax payable | 481 | - | 857 | - |
| Other taxation and social security | 1,269 | - | 1,078 | - |
| Accruals and deferred income | 1,801 | - | 1,715 | - |
| | 8,844 | - | 6,422 | - |

The available but unused bank overdraft facility is secured by a fixed charge over existing assets and the first floating charge over all present and future assets

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

15 Creditors – amounts falling due after more than one year

| | 2011 Group £'000 | 2011 Company £'000 | 2010 Group £'000 | 2010 Company £'000 |
|-------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Investor loan notes (note 16) | 67,455 | - | 77,305 | - |
| Bank loans (note 16) | 38,447 | - | 36,690 | - |
| Deferred Income | 1,601 | - | 1,981 | - |
| | 107,503 | - | 115,976 | - |

16 Loans and other borrowings

| Group | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Investor loan notes (note 15) | 67,455 | 77,305 |
| Bank loans (note 14,15) | 42,447 | 38,439 |
| | 109,902 | 115,744 |
| Maturity of debt | | |
| In one year or less, or on demand | 4,000 | 1,749 |
| In more than one year, but not more than two years | 4,750 | 2,027 |
| In more than two years, but not more than five years | 33,697 | 22,240 |
| In more than five years | 67,455 | 89,728 |
| | 109,902 | 115,744 |

During 2011 the bank loans were refinanced with Facilities A, B & C, the Mezzanine loan and Capex Facility being consolidated and replaced with Facility A (£20,500k) at LIBOR plus 3% and Facility B (£22,500k) at LIBOR plus 3.5%. Accrued interest was also repaid on the investor loan notes (£67,741k) which attract interest at 16%, all of which is capitalised.

Loans are secured by a fixed charge over existing assets and the first floating charge over all present and future assets.

From the 30 Sep 2009 until 30 Sep 2011, £30m of bank loan debt was fixed at 2.74%, with a fair value charge to Rosemont of £565,702. From the 1st Oct 2011 until 31st Mar 2012 £30m of bank loan debt is fixed at 1.33%, with a fair value charge to Rosemont of £11,133.

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

17 Provisions for liabilities

| Group | Total | |
|---|--------------|--------------|
| Deferred tax | £'000 | |
| At 1 January 2011 | | 256 |
| Charge to the profit and loss account | | (85) |
| At 31 December 2011 | | 171 |
| | 2011 | 2010 |
| | £'000 | £'000 |
| Deferred taxation provided in the financial statements comprises | | |
| Accelerated capital allowances | 251 | 351 |
| Short term timing differences | (80) | (95) |
| Deferred tax provision | 171 | 256 |

There were no un-provided amounts of deferred taxation at 31 December 2011. No provisions are held by the Company.

18 Called up share capital

| Group and Company | 2011 | 2010 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Authorised | | |
| 1,600,000 A ordinary shares of £0.10 each | 160 | 160 |
| 400,000 ordinary shares of £0.10 each | 40 | 40 |
| | 200 | 200 |
| Allotted and fully paid | | |
| 1,600,000 A ordinary shares of £0.10 each | 160 | 160 |
| 380,000 ordinary shares of £0.10 each | 38 | 38 |
| | 198 | 198 |

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

18 Called up share capital (continued)

The A ordinary shares have priority over the ordinary shares in the event of a winding up. The A ordinary shares have enhanced voting rights over the ordinary shares in the event of a default on the part of the company. The A ordinary shares are convertible to ordinary shares at the company's option.

19 Reserves

| | Share premium account £'000 | Profit and loss account £'000 |
|-----------------------------|--------------------------------------|-------------------------------------|
| At 1 January 2011 | 846 | (23,739) |
| Loss for the financial year | - | (4,608) |
| At 31 December 2011 | 846 | (28,347) |

Treasury shares have been reclassified from Investments

20 Reconciliation of movements in shareholders' (deficit)/funds

| | 2011 Group £'000 | 2011 Company £'000 | 2010 Group £'000 | 2010 Company £'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| At 1 January | (22,695) | 967 | (19,063) | 1,044 |
| Treasury shares reclassified | - | - | (578) | |
| Loss for the financial year | (4,608) | - | (3,054) | (77) |
| Shareholders' (deficit)/funds as at 31 December | (27,303) | 967 | (22,695) | 967 |

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

21 Reconciliation of operating profit to net cash flow from operating activities

| Group | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Operating profit | 10,154 | 12,367 |
| Depreciation | 1,646 | 1,675 |
| Loss on disposal of fixed assets | - | 1 |
| Amortisation of goodwill | 4,366 | 4,366 |
| Amortisation of intangible assets | 88 | 63 |
| Decrease in stocks | 283 | 380 |
| Increase in debtors | (564) | (550) |
| Increase in creditors | 167 | 1 735 |
| Net cash flow from continuing operations | 16,141 | 20,037 |

22 Analysis of changes in net debt

| Group | At 31 December 2010 £'000 | Cash flow £'000 | Other non cash changes £'000 | At 31 December 2011 £'000 |
|--------------------------|------------------------------------|--------------------|------------------------------------|------------------------------------|
| Cash at bank and in hand | 12,504 | (5,835) | - | 6,669 |
| Debt due after 1 year | (113,995) | 37,139 | (29,046) | (105,902) |
| Debt due within 1 year | (1,749) | 4,000 | (6,251) | (4,000) |
| Total | (103,240) | 35,304 | (35,297) | (103,233) |

23 Contingent liabilities

There were no significant contingent liabilities at 31 December 2011 (2010 £nil)

Rosemont Holdings Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

24 Capital and other commitments

The group had no capital commitments at 31 December 2011 (2010 £nil)

25 Financial commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases expiring as follows

| | 2011 | | 2010 | |
|----------------------------|-----------------------|-------|-----------------------|-------|
| | Land and buildings | Other | Land and buildings | Other |
| | £'000 | £'000 | £'000 | £'000 |
| In one year or less | 68 | 26 | 3 | 69 |
| Between one and five years | 356 | 112 | 421 | 75 |
| More than five years | - | - | - | - |
| | 424 | 138 | 424 | 144 |

26 Pensions

The group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. In the year, the group made regular payments totalling £307,405 (2010 £290,598). The amount outstanding at the year end to be paid over to the defined contributions pension scheme was £nil (2010 £nil).

27 Related party disclosures

Advantage has been taken of the exemption in Financial Reporting Standard 8 "Related Party Disclosure" not to disclose any transactions between the company and its subsidiary undertakings as these have been eliminated on consolidation in the consolidated financial statements.

28 Ultimate controlling party

The directors regard CBPE Nominees Limited as the ultimate controlling party, by virtue of their interest in 80% of the issued share capital of Rosemont Holdings Limited.

Rosemont Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2011.

Publicly available financial statements can be obtained from Rosemont Holdings Ltd's registered office.