

Registered number 05848073

Rosemont Holdings Limited  
Directors' report and financial statements  
For the year ended 31 December 2010



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## **Rosemont Holdings Limited**

### **Directors' report and financial statements For the year ended 31 December 2010**

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# **Rosemont Holdings Limited**

## **Directors and advisers for the year ended 31 December 2010**

### **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 2010**

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

### **Business review and principal activities**

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 £3,054,000 (2009 £2,979,000)

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**

The core UK pharmaceuticals market continues to be competitive and, whilst generic competition remains strong, the company 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-focussed 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

# **Rosemont Holdings Limited**

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Key performance indicators**

The directors believe that the primary differentiator of the group from its competitors is the high quality of its products and services. The group's KPIs cover all areas of the business but focus on maintaining high levels of product availability across its customer base, from hospitals to wholesalers and retail pharmacies, to ensure continuing reliable supply of high quality medicines to the market.

### **Dividends**

The directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2010 (2009: £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 who held office during the year are given below:

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 2010 (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 company and 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

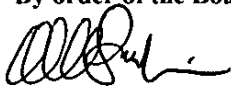
In accordance with the Companies Act, each director who was a director at the time the report was approved confirms the following:

- 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

25<sup>TH</sup> MARCH 2011

# **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 2010 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.

### **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 2010 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

25 MARCH 2011



## Rosemont Holdings Limited

### Consolidated profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	1	38,785	37,019
Cost of sales		(10,829)	(9,584)
Gross profit		27,956	27,435
Distribution costs		(4,998)	(5,167)
Research and development		(3,558)	(3,075)
Administrative costs		(7,033)	(7,017)
<b>Operating profit</b>	2	12,367	12,176
Interest receivable and similar income		30	80
Interest payable and similar charges	6	(13,702)	(13,907)
<b>Loss on ordinary activities before taxation</b>		(1,305)	(1,651)
Tax on loss on ordinary activities	7	(1,749)	(1,328)
<b>Loss for the financial year</b>		(3,054)	(2,979)

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

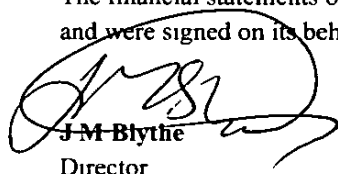
There is no difference between the loss on ordinary activities before taxation and the sustained loss for the period stated above and their historical cost equivalents

# Rosemont Holdings Limited

## Consolidated balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Intangible assets	9	69,029	72,969
Tangible assets	10	7,397	8,637
Investments	11	578	84
		77,004	81,690
<b>Current assets</b>			
Stock	12	4,029	4,409
Debtors	13	7,000	6,450
Cash at bank and in hand		12,504	11,766
		23,533	22,625
<b>Creditors - amounts falling due within one year</b>	14	(6,422)	(6,749)
<b>Net current assets</b>		17,111	15,876
<b>Total assets less current liabilities</b>		94,115	97,566
<b>Creditors – amounts falling due after more than one year</b>	15	(115,976)	(116,274)
<b>Provisions for liabilities and charges</b>	17	(256)	(355)
<b>Net liabilities</b>		(22,117)	(19,063)
<b>Capital and reserves</b>			
Called up share capital	18	198	198
Share premium account	19	846	846
Profit and loss account	19	(23,161)	(20,107)
<b>Total shareholders' deficit</b>	20	(22,117)	(19,063)

The financial statements on pages 7 to 26 were approved by the board of directors on 25<sup>th</sup> MARCH 2011 and were signed on its behalf by

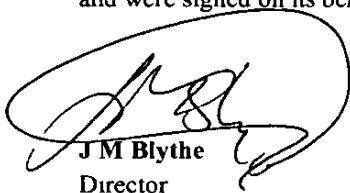
  
J-M Blythe  
Director

# Rosemont Holdings Limited

## Company balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Investments	11	-	-
<b>Current assets</b>			
Debtors	13	967	1,044
<b>Creditors - amounts falling due within one year</b>	14	-	-
<b>Net current assets</b>		967	1,044
<b>Net assets</b>		967	1,044
<b>Capital and reserves</b>			
Called up share capital	18	198	198
Share premium account		846	846
Profit and loss account		(77)	-
<b>Total shareholders' funds</b>	20	967	1,044

The financial statements on pages 7 to 26 were approved by the board of directors on 25<sup>TH</sup> MARCH 2011 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 2010

	Note	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>	21	20,037	16,603
<b>Returns on investment and servicing of finance</b>			
Interest received		30	80
Interest paid		(2,316)	(3,618)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(2,286)	(3,538)
<b>Taxation</b>		(1,278)	(22)
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		(1,419)	(2,604)
<b>Net cash inflow before use of liquid resources and financing</b>		15,054	10,439
<b>Financing</b>			
Loan capital repayments		(14,316)	(4,444)
<b>Net cash flow from financing</b>		(14,316)	(4,444)
<b>Increase in net cash</b>		738	5,995
Cash and cash equivalents at the start of the financial year		11,766	5,771
Cash and cash equivalents at the end of the financial year		12,504	11,766

## Rosemont Holdings Limited

### Reconciliation of net cash flow to movement in net debt

	Note	2010 £'000	2009 £'000
Increase in cash in the year		15,054	10,439
Accrual for finance cost of debt		(11,164)	(10,068)
Amortisation of issue costs		(222)	(222)
<b>Movement in net debt in the year</b>	22	3,668	149
Net opening debt		(106,908)	(107,057)
<b>Net closing debt</b>		(103,240)	(106,908)

# 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 and equipment	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 2010

### 1 Segmental reporting

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

	2010 £'000	2009 £'000
United Kingdom	36,028	34,189
Rest of Europe	1,910	2,063
Rest of the World	847	767
	38,785	37,019

### 2 Operating profit

	2010 £'000	2009 £'000
<b>Operating profit is stated after charging</b>		
Amortisation		
Intangible fixed assets	63	54
Depreciation		
Tangible fixed assets	1,675	1,429
Amortisation of goodwill	4,366	4,366
Loss on disposal of fixed assets	1	-
Operating lease charges		
Plant and machinery	220	249
Other	424	361
Exchange losses	78	104
Research and development	3,558	3,075
Fees payable to the company's auditors for the audit of the company's annual financial statements	10	9
Fees payable to the company's auditors for other services		
- the audit of the company's subsidiaries pursuant to legislation	30	30
- services relating to taxation	34	29



# Rosemont Holdings Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 3 Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	414	398
Group pension contributions to money purchase scheme	21	20
Sums paid to third parties for directors' services	106	92
	541	510

Retirement benefits are accruing to two (2009 two) directors under a defined contribution scheme

Highest paid director	2010 £'000	2009 £'000
Aggregate emoluments and amounts receivable under long-term incentive schemes	229	220
Group pension contributions to money purchase scheme	12	11
	241	231

### 4 Employee costs

	2010 £'000	2009 £'000
Wages and salaries	6,561	6,727
Social security costs	699	682
Pensions costs	291	274
Staff costs	7,551	7,683

# Rosemont Holdings Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 5 Employee information

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

By activity	2010 No.	2009 No
Production	89	96
Selling and distribution	55	52
Research and development	24	26
Administration	33	34
	201	208

### 6 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest payable on bank loans and overdrafts	2,476	4,612
Interest payable on other loans	11,226	9,295
Interest payable and similar charges	13,702	13,907

## Rosemont Holdings Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 7 Tax on loss on ordinary activities

	2010 £'000	2009 £'000
<b>Taxation on the profit for the year</b>		
UK corporation tax at 28% (2009 28%)	1,862	1,314
Adjustments in respect of prior year	(14)	(145)
Corporation tax	1,848	1,169
Deferred tax charge during the year	(99)	159
<b>Tax charge on profit on ordinary activities</b>	<b>1,749</b>	<b>1,328</b>

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the United Kingdom of 28%. The differences are explained as follows:

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(1,305)	(1,651)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28%)	(365)	(462)
Effect of:		
Expenses not deductible for tax purposes	916	652
Capital allowances in excess of depreciation	93	137
Other timing differences	(4)	(39)
Goodwill on consolidation	1,222	1,222
Adjustments in respect of prior year	(14)	(145)
<b>Current tax charge for the year</b>	<b>1,848</b>	<b>1,169</b>

Adjustment in respect of prior years relates to an additional research and development claim for indirect expenditure. The standard rate of corporation tax in the UK was unchanged during the year. Accordingly the company's profits for this period are taxed at an effective rate of 28% (2009 28%).

#### 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 within the financial statements of the company is £77,100 (2009 £nil).

## Rosemont Holdings Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 9 Intangible fixed assets

Group	Goodwill £'000	Licences £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2010	87,310	629	87,939
Additions in the year	-	489	489
<b>At 31 December 2010</b>	<b>87,310</b>	<b>1,118</b>	<b>88,428</b>
<b>Accumulated amortisation</b>			
At 1 January 2010	14,916	54	14,970
Charge for the year	4,366	63	4,429
<b>At 31 December 2010</b>	<b>19,282</b>	<b>117</b>	<b>19,399</b>
<b>Net book amount</b>			
<b>At 31 December 2010</b>	<b>68,028</b>	<b>1,001</b>	<b>69,029</b>
At 31 December 2009	72,394	575	72,969

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 2010 (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
<b>Cost</b>				
At 1 January 2010	3,837	9,756	1,196	14,789
Additions	-	-	436	436
Transfers	316	1,125	(1,441)	-
Disposals	(53)	(292)	-	(345)
<b>At 31 December 2010</b>	<b>4,100</b>	<b>10,589</b>	<b>191</b>	<b>14,880</b>
<b>Accumulated depreciation</b>				
At 1 January 2010	776	5,376	-	6,152
Charge for the year	400	1,275	-	1,675
Disposals	(53)	(291)	-	(344)
<b>At 31 December 2010</b>	<b>1,123</b>	<b>6,360</b>	<b>-</b>	<b>7,483</b>
<b>Net book amount at 31 December 2010</b>	<b>2,977</b>	<b>4,229</b>	<b>191</b>	<b>7,397</b>
Net book amount at 31 December 2009	3,061	4,380	1,196	8,637

The company does not have fixed assets

# Rosemont Holdings Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 11 Fixed asset investments

	2010 Group £	2010 Company £	2009 Group £	2009 Company £
Cost and net book amount at 1 January	83,992	2	2	2
Additions	493,667	-	83,990	-
Disposals	-	-	-	-
<b>Cost and net book amount at 31 December</b>	<b>577,659</b>	<b>2</b>	<b>83,992</b>	<b>2</b>

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 2010

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 2010

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 2010 (continued)

### 12 Stocks

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Raw materials and consumables	1,646	-	1,887	-
Finished goods and goods for resale	2,383	-	2,522	-
	4,029	-	4,409	-

### 13 Debtors

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Trade debtors	6,428	-	5,932	-
Amounts owed by group undertakings	-	967	-	1,044
Prepayments and accrued income	572	-	518	-
Corporation tax recoverable	-	-	-	-
	7,000	967	6,450	1,044

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

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Bank loans and overdrafts (note 16)	1,749	-	2,400	-
Trade creditors	1,023	-	825	-
Corporation tax payable	857	-	287	-
Other taxation and social security	1,078	-	952	-
Accruals and deferred income	1,715	-	2,285	-
	6,422	-	6,749	-

## Rosemont Holdings Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 15 Creditors – amounts falling due after more than one year

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Investor loan notes (note 16)	77,305	-	66,532	-
Bank loans (note 16)	36,690	-	49,742	-
Deferred Income	1,981	-	-	-
	115,976	-	116,274	-

#### 16 Loans and other borrowings

Group	2010 £'000	2009 £'000
Investor loan notes (note 15 )	77,305	66,532
Bank loans (note 14,15)	38,439	52,142
	115,744	118,674
<b>Maturity of debt</b>		
In one year or less, or on demand	1,749	2,400
In more than one year, but not more than two years	2,027	2,400
In more than two years, but not more than five years	22,240	3,725
In more than five years	89,728	110,149
	115,744	118,674

The bank loans attract interest at differing rates. Facility A (£2,115k) is at LIBOR plus 2.25%, Facility B (£12,500k) is at LIBOR plus 3%, Facility C (£16,000k) is at LIBOR plus 4%, the Mezzanine loan (£5,046k) is at LIBOR plus 10.5%, 4.25% of which is cash paid and the balance of 6.25% is capitalised, whilst the Capex Facility (£3,400k) is at LIBOR plus 2.25%. The investor loan notes (£77,305k) 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 is fixed at 2.74%. The fair value of the swap to Rosemont is a £565,702 liability.



## Rosemont Holdings Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 17 Provisions for liabilities and charges

Group	Total	
Deferred tax	£'000	
At 1 January 2010	355	
Charge to the profit and loss account	(99)	
At 31 December 2010	256	

	2010	2009
	£'000	£'000
Deferred taxation provided in the financial statements comprises		
Accelerated capital allowances	351	456
Short term timing differences	(95)	(101)
Deferred tax provision	256	355

There were no unprovided amounts of deferred taxation at 31 December 2010. No provisions are held by the Company.

#### 18 Called up share capital

Group and Company	2010	2009
	£'000	£'000
<b>Authorised</b>		
1,600,000 A ordinary shares of £0.10 each	160	160
400,000 ordinary shares of £0.10 each	40	40
	200	200
<b>Allotted and fully paid</b>		
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 2010 (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**

	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>
At 1 January 2010	846	(20,107)
Loss for the financial year	-	(3,054)
<b>At 31 December 2010</b>	<b>846</b>	<b>(23,161)</b>

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

	<b>2010 Group £'000</b>	<b>2010 Company £'000</b>	<b>2009 Group £'000</b>	<b>2009 Company £'000</b>
At 1 January	(19,063)	1,044	(16,084)	1,044
Loss for the financial year	(3,054)	(77)	(2,979)	-
<b>Shareholders' (deficit)/funds as at 31 December</b>	<b>(22,117)</b>	<b>967</b>	<b>(19,063)</b>	<b>1,044</b>

## Rosemont Holdings Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

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

Group	2010 £'000	2009 £'000
Operating profit	12,367	12,176
Depreciation	1,675	1,429
Loss on disposal of fixed assets	1	-
Amortisation of goodwill	4,366	4,366
Amortisation of intangible assets	63	54
Decrease/(increase) in stocks	380	(761)
Decrease/(increase) in debtors	(550)	(1,287)
Increase/(decrease) in creditors	1,735	625
<b>Net cash flow from continuing operations</b>	<b>20,037</b>	<b>16,603</b>

#### 22 Analysis of changes in net debt

Group	At 31 December 2009 £'000	Cash flow £'000	Other non cash changes £'000	At 31 December 2010 £'000
Cash at bank and in hand	11,766	738	-	12,504
Debt due after 1 year	(116,274)	12,567	(10,288)	(113,995)
Debt due within 1 year	(2,400)	1,749	(1,098)	(1,749)
<b>Total</b>	<b>(106,908)</b>	<b>15,054</b>	<b>(11,386)</b>	<b>(103,240)</b>

#### 23 Contingent liabilities

There were no significant contingent liabilities at 31 December 2010 (2009 £nil)

## **Rosemont Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2010 (continued)**

#### **24 Capital and other commitments**

The group had no capital commitments at 31 December 2010 (2009 £nil)

#### **25 Financial commitments**

At 31 December 2010 the group had annual commitments under non-cancellable operating leases expiring as follows

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
In one year or less	3	69	61	47
Between one and five years	421	75	-	166
More than five years	-	-	352	-
	424	144	413	213

#### **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 £290,598 (2009 £274,174). The amount outstanding at the year end to be paid over to the defined contributions pension scheme was £nil (2009 £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 2010.