

## **Aptuit (Glasgow) Limited**

### **Directors' report and financial statements**

For the year ending 30 September 2011

Registered number SC181282



## Aptuit (Glasgow) Limited

---

### **Directors**

S Needleman  
K Roche  
J Fikre

### **Secretary**

J Fikre

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Bankers**

JP Morgan Chase Bank  
125 London Wall  
London  
EC2Y 5AJ

### **Solicitors**

DLA Piper Rudnick Gray Cary UK LLP  
Princes Exchange  
Princes Square  
Leeds  
LS1 4BY

### **Registered Office**

Todd Campus  
West of Scotland Science Park  
Acre Road  
Glasgow  
G20 0XA

## **Directors' report**

The Directors present their annual report and the audited financial statements of Aptuit (Glasgow) Limited (the Company) for the year ended 30 September 2011.

### **Principal activities**

The principal activities of the Company are the provision of research and development services into drug formulation and sterile manufacturing supporting clients' drug development activities.

### **Business review**

Aptuit (Glasgow) Limited specialises in pre-clinical pharmaceutical formulation development and in the manufacture of sterile clinical trial supplies.

Its aim is to create a mutually beneficial long-term partnership that facilitates and accelerates customers' pre-clinical development of prospective pharmaceuticals.

The company is developing a global customer base with revenue generated worldwide. The Company invoices mainly in British pounds thereby mitigating the risk of foreign currency fluctuations.

Details of the result for the year are set out in the income statement on page 7.

The directors continue to focus on returning the company to profitability from its current loss making position. Turnover in the year increased by £148,608 to £3,368,437 resulting in a loss before tax for the year of £707,853 (2010 : £1,183,792). Trading continued to be impacted by the continued general weakness in the drug development market. The directors have taken further steps to grow top-line revenues including the appointment of a new Site Director bringing significant pharmaceutical industry expertise, the recruitment of a dedicated sales team for the site and significant investment in new automation equipment. With these investments, coupled with improving market conditions, the directors remain optimistic that the company will return to profitability in the near-term.

The company financial statements have been prepared under International Financial Reporting Standards (IFRS's) as adopted by the EU.

### **Research and development**

The company carries out research and development in connection with the principal activity of providing products and services to customers. The majority of the activities pursued by the company are part of customers' research and development programmes.

### **Political and charitable donations**

The Company made no charitable or political donations during the period (2011 – £nil).

### **Policy and practice on payment of creditors**

The Company does not follow any specific code or statement on payment practice, but values its relationship with its many suppliers. The Company's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

## Directors' report (continued)

### Financial instruments

The company benefits from the management of foreign currency exchange risk by its direct parent company.

### Proposed dividends

The Directors do not recommend the payment of a dividend.

### Employment policies

The Directors are committed to maintaining and developing communication and consultation processes with employees. Employees are encouraged to be involved directly in the performance of the Company through shared objectives, performance reviews and training and development opportunities. It is the policy of the Company that there should be no unfair discrimination in recruiting and promoting staff, including applicants who are disabled.

### Directors and directors' interests

The Directors who held office during the period were as follows:

JG Hepburn (resigned 17/02/2012)

J Fikre (appointed 17/02/2012)

S Needleman (appointed 16/03/2012)

K Roche (appointed 16/03/2012)

None of the directors who held office at the end of the financial year had any notifiable interest in the shares of the company. The directors receive no remuneration from the Company. They are remunerated directly by Aptuit (Edinburgh) Limited or Aptuit Inc., the ultimate parent company, and their interests in shares or share options of that company are disclosed in their financial statements.

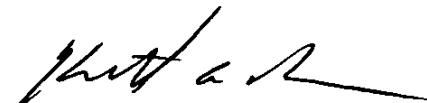
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Aptuit (Glasgow) Ltd's parent company changed post year end, refer to Note 22 for details.

### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the reappointment of Ernst & Young LLP will be proposed at the forth coming annual general meeting.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2012.



Kenneth Roche  
Director

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

## **Independent auditors' report**

**to the members of Aptuit (Glasgow) Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APTUIT (GLASGOW) LIMITED**

We have audited the financial statements of Aptuit (Glasgow) Limited for the year ended 30 September 2011 which comprise Statement of Comprehensive income, Statement of Financial Position, the Statement of Cash Flow, the Statements of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement 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.

#### **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. In addition, we read all the financial and non-financial information in the Directors report 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 company's affairs as at 30 September 2011 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

## **Independent auditors' report (continued)**

**to the members of Aptuit (Glasgow) Limited**

### **Matters on which we are required to report by exception**

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

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

*Ernst & Young LLP*

Mark Harvey (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

27 June 2012

## Statement of comprehensive income

for the year ended 30 September 2011

	Notes	2011 £	2010 £
<b>Turnover</b>		3,368,437	3,219,829
Cost of Sales		(3,204,717)	(3,224,259)
<b>Gross (Loss)</b>		<b>163,720</b>	<b>(4,430)</b>
Administrative expenses		(925,711)	(1,208,761)
Other operating income	6	55,057	33,323
<b>Operating loss</b>		<b>(706,934)</b>	<b>(1,179,868)</b>
Finance expense	7	(919)	(3,924)
<b>Loss before taxation</b>		<b>(707,853)</b>	<b>(1,183,792)</b>
Taxation	8	–	(285,658)
<b>Loss after taxation</b>		<b>(707,853)</b>	<b>(1,469,540)</b>
Retained (loss)/profit brought forward		(228,931)	1,240,505
<b>Retained (loss) carried forward</b>		<b>(936,784)</b>	<b>(228,945)</b>



## Statement of comprehensive income

for the year ended 30 September 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Property, plant and equipment	9	1,178,112	1,511,003
<b>Total non-current assets</b>		<b>1,178,112</b>	<b>1,511,003</b>
Stocks	10	224,751	204,335
Trade and other receivables	11	2,814,844	2,832,297
Cash and cash equivalents		188,065	598,223
<b>Total current assets</b>		<b>3,227,660</b>	<b>3,634,855</b>
<b>Total Assets</b>		<b>4,405,772</b>	<b>5,145,858</b>
<b>Equity</b>			
Issued Capital	17	950	950
Share premium	18	1,080,857	1,080,857
Retained earnings		(936,602)	(228,931)
<b>Total equity</b>		<b>145,205</b>	<b>852,876</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	227,229	308,270
<b>Total non-current liabilities</b>		<b>227,229</b>	<b>308,270</b>
<b>Current liabilities</b>			
Trade and other payables	12	4,033,335	3,956,932
Financial instruments	13	3	27,780
<b>Total current liabilities</b>		<b>4,033,338</b>	<b>3,984,712</b>
<b>Total liabilities</b>		<b>4,260,567</b>	<b>4,292,982</b>
<b>Total equity and liabilities</b>		<b>4,405,772</b>	<b>5,145,858</b>

These financial statements were approved by the Board of Directors on 27 June 2012 and were signed on its behalf by:



Kenneth Roche  
Director

The notes on pages 11 to 27 form part of the financial statements.

## Statement of cash flow

at 30 September 2011

	<i>Share Share Premium</i>	<i>Premium Account</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
	£	£	£	£
<b>Changes in Equity for 2009/10</b>				
At 1 October 2009	950	1,080,857	1,240,505	2,322,312
Loss for the year	—	—	(1,469,450)	(1,469,450)
Share-based payments	—	—	14	14
<b>At 30 September 2010</b>	<b>950</b>	<b>1,080,857</b>	<b>(228,931)</b>	<b>852,876</b>
<b>Changes in Equity for 2010/11</b>				
At 1 October 2010	950	1,080,857	(228,931)	852,876
Loss for the year	—	—	(707,853)	(707,853)
Share-based payments	—	—	182	182
<b>At 30 September 2011</b>	<b>950</b>	<b>1,080,857</b>	<b>(936,602)</b>	<b>145,205</b>

## Statement of cash flow

at 30 September 2011

	Notes	2011 £	2010 £
<b>Cash flows from operating activities</b>			
Loss before tax		(707,853)	(1,183,792)
Adjustments for:			
Depreciation and impairment	9	404,789	389,859
Government Grants	5	(48,505)	(49,632)
Share based payments		182	14
Interest Paid	7	919	3,924
		<u>(350,468)</u>	<u>(839,627)</u>
Operating (loss) / profit before changes in working capital and provisions			
Decrease / (Increase) in trade and other receivables	11	17,453	3,282,358
(Increase) / Decrease in stocks	10	(20,416)	(18,422)
(Decrease) / Increase in trade and other payables	12	124,908	(1,653,308)
Increase/(decrease) in non-current payables	12	(81,041)	(71,964)
		<u>(309,564)</u>	<u>699,037</u>
Cash generated from operations			
		<u>(309,564)</u>	<u>699,037</u>
<b>Net cash from operating activities</b>		<b>(309,564)</b>	<b>699,037</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	9	(71,898)	(110,700)
		<u>(71,898)</u>	<u>(110,700)</u>
<b>Net cash outflow from investing activities</b>		<b>(71,898)</b>	<b>(110,700)</b>
<b>Cash flows from financing activities</b>			
Payment of finance lease liabilities	13	(27,777)	(36,562)
Interest paid	7	(919)	(3,924)
		<u>(28,696)</u>	<u>(40,486)</u>
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(28,696)</b>	<b>(40,486)</b>
Net increase/(decrease) in cash and cash equivalents		<u>(410,158)</u>	<u>547,851</u>
Cash and cash equivalents at 1 October		598,223	50,372
		<u>188,065</u>	<u>598,223</u>
<b>Cash and cash equivalents at 30 September</b>		<b>188,065</b>	<b>598,223</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
		£	
Decrease in cash for the period		(410,158)	
Cash used for finance lease instalments		27,777	
		<u>(382,381)</u>	
Change in net debt resulting from cash flows			
Net funds at 1 October 2010		570,443	
		<u>188,062</u>	
<b>Net funds at 30 September 2011</b>		<b>188,062</b>	

## Notes to the financial statements

at 30 September 2011

### 1. Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with the historical cost convention and comply with International Financial Reporting Standards (IFRSs) as adopted by the EU and their interpretations adopted by the International Accounting Standards Board (IASB).

These financial statements present information about the Company as an individual undertaking, the Company has no subsidiary companies. The consolidated financial statements of Aptuit LLC, within which this company is included, can be obtained from the details given in note 21.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

The accounts have been prepared on a going concern basis because Aptuit LLC, the immediate parent company, has confirmed its intention to provide sufficient funds or other financial support to the company to enable it to continue trading and to meet its day to day commitments, properly incurred, for at least a period of 12 months from the date of approval of these financial statements.

#### ***Revenue recognition***

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Revenue generated from the sale of manufactured deliverables is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. This revenue may be recognised ahead of final delivery where all company obligations have been fulfilled and contractual storage arrangements with customers are agreed and in place. Revenue from the delivery of service agreements is recognised when earned and realisable based upon the performance requirements of the respective agreements. Advance payments received in excess of amounts earned are recorded as deferred revenue.

No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

#### ***Taxation***

On 23 March 2011 the Chancellor announced a reduction in the main rate of corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of this reduction has been included in the figures. The rate was further reduced to 25% effective 1 April 2012. This was enacted in July 2011 and the rate is applicable for deferred tax purposes.

On 21 March 2012, the Chancellor subsequently announced that the rate of corporation tax would fall to 24% from 1 April 2012, with subsequent 1% reductions per annum to 22% by 2014.

The Company has tax losses of approximately £2,970k, accelerated capital allowances of £656k, and other timing differences of £10k on which deferred tax has not been recognised due to the uncertainty of the profitability of the company going forward.

## Notes to the financial statements

at 30 September 2011

### 1. Accounting policies (continued)

#### **Property, plant and equipment**

Items of property, plant and equipment are stated at the cost of acquisition or development cost less accumulated depreciation and impairment losses. The cost assigned to the asset includes, where relevant, the cost of the asset, direct labour and other costs involved in bringing the asset into working condition and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have materially different useful economic lives, they are accounted for as separate items of property plant & equipment.

The Company recognises in the carrying value of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be reliably measured. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible assets on a straight-line basis over their estimated useful economic lives as follows:

Leasehold land and buildings	–	Shorter of related lease term or estimated useful life
Plant and laboratory fixtures	–	Shorter of related lease term and 20 years
Machinery and equipment	–	5 years
Computer equipment and software	–	3 years

Where the Company does not have legal title to assets, but has substantially all the risks and rewards of ownership, these assets have been capitalised in the financial statements.

#### **Impairment**

The carrying value of the Company's assets, other than stocks and deferred tax, are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Where the Directors identify a reduction in the recoverable amount of an asset below its carrying value the carrying value of the asset is impaired to its estimated recoverable amount.

The recoverable amount of an asset is the greater of its net realisable value and value in use. The calculation of the value in use of the affected asset reflects the Directors' and executive management's best current estimate of the present value of future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal. Where possible the affected asset is considered separately as an income-generating unit.

Where future cash flows have not accounted for inflation a discounting factor is not applied in the calculation of the present value of future cash flows. Where material to the accounts the impairment of an asset is disclosed separately in the income statement under the statutory heading to which it relates.

#### **Leased assets**

Assets acquired under leases in terms of which substantially all the risks and rewards of ownership are transferred to the company are capitalised as finance leases and the outstanding future lease obligations are shown in liabilities. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. Where benefits have been received as an incentive to sign a lease these are spread on a straight line basis over the lease term.

## Notes to the financial statements

at 30 September 2011

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

Non-monetary assets and liabilities measured at fair value and denominated in foreign currencies are re-translated using the rate of exchange ruling at the dates on which fair value is determined and the gains or losses on translation are included in the income statement.

#### *Employee benefits*

The company contributes to the individual private pension schemes of the employees. The amount charged against income represents the contributions payable to the private pension schemes of the Company employees in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

In the balance sheet stocks are primarily valued at standard cost, which approximates to historical cost determined on a first-in first-out basis, and this value is used for the costs of goods sold in the income statement.

#### *Trade and other receivables*

Trade and other receivables are stated at cost less adjustments for doubtful receivables. Doubtful receivable provisions are established based upon the difference between the receivable value and the estimated net collectible amount.

#### *Trade and other payables*

Trade and other payables are stated at cost unless they are held in foreign currencies in which case they are treated under the policy laid down in foreign currencies above.

#### *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Site restoration: In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration is recognised.

#### *Financial assets/liabilities*

Financial assets and liabilities held for purposes of short term profit are classified as held for trading and are recognised at fair value and subsequent to initial recognition are re-valued to their fair value at each balance sheet date. Any difference between carrying value and the fair value is immediately recognised in the income statement.

## Notes to the financial statements

at 30 September 2011

### 1. Accounting policies (continued)

#### *Financial assets/liabilities* (continued)

Long term debt liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing assets/borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the instrument on an effective interest basis.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

#### *Segmental reporting*

As a company whose securities are not publicly traded, the Company has exercised the exemption available not to disclose segmental information.

#### *Government grants*

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants are only recognised once assurance can be given to show that the Company will comply with any conditions attached to them and that the grants have been received.

Grants in respect of capital expenditure are credited to deferred income on the balance sheet and are released to the income statement by equal instalments over the expected useful lives of the assets to which they were intended to compensate.

Grants related to income are credited to the profit and loss account in the same period as the related expenditure.

#### *Borrowing costs*

The costs of borrowing are expensed on the accruals basis in the period to which they relate.

### 2. Staff numbers and costs

The number of persons employed by the Company (including Directors) at the end of the year, analysed by category was as follows:

	2011	2010
Administration	3	3
Production, research and development	49	49
	<u>52</u>	<u>52</u>

The Directors as at 30 September 2011 were employed by Aptuit (Edinburgh) Limited or Aptuit Inc., the direct parent company and ultimate parent undertaking of Aptuit (Glasgow) Limited respectively.

## Notes to the financial statements

at 30 September 2011

### 2. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2011 £	2010 £
Wages and salaries	1,405,060	1,360,329
Social security costs	139,424	134,109
Other pension costs	59,700	42,086
	<u>1,604,184</u>	<u>1,536,524</u>

### 3. Research and development costs

No costs have been incurred in relation to research and development in the year (2010 – £nil).

### 4. Auditors remuneration

	2011 £	2010 £
External Audit	12,000	12,000
	<u>12,000</u>	<u>12,000</u>

### 5. Government grants

	2011 £	2010 £
Grants recognised in the Income statement in the year:		
Recognised within Other operating income	48,505	49,632
Grants received in the year	<u>48,505</u>	<u>49,632</u>



## Notes to the financial statements

at 30 September 2011

### 6. Other operating income

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Government grants	48,505	49,632
Foreign exchange gain/(loss)	6,552	(16,309)
	<u>55,057</u>	<u>33,323</u>

### 7. Finance expenses

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Bank interest expense	-	-
Interest expense on finance leases	919	3,924
	<u>919</u>	<u>3,924</u>

## Notes to the financial statements

at 30 September 2011

### 8. Taxation

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2010 – lower) than the standard rate of corporation tax in the UK, 27% (2010 – 28%). The differences are explained below.

	2011 £	2010 £
<b>UK corporation tax:</b>		
Group Relief	—	153,786
Adjustments in respect of prior periods	—	—
<b>Total current tax charge / (credit)</b>	<b>—</b>	<b>153,786</b>
<b>Deferred tax:</b>		
Origination/reversal of timing differences	—	127,162
Effect of change in taxation rate	—	4,710
		285,658
Tax paid on overseas operations	—	—
<b>Tax charge / (credit) in income statement</b>	<b>—</b>	<b>285,658</b>
<b>Recognised in the income statement</b>		
	2011 £	2010 £
(Loss) on ordinary activities before taxation	(707,853)	(1,183,792)
Tax calculated using the UK corporation tax rate of 27% (2010 – 28%)	(191,120)	(331,462)
<b>Effects of:</b>		
Non-deductible expenses	(11,533)	(13,353)
Depreciation for period in excess of capital allowances	95,423	(45,415)
Other timing differences	(1,336)	3,900
Unrecognised tax losses carried forward	108,566	386,330
Prior year adjustment	—	153,786
<b>Total tax in income statement (see above)</b>	<b>—</b>	<b>153,786</b>

#### Factors that may affect future tax charges

The Directors are not aware of any other factors which will affect the future tax charge other than the receipt of future R&D tax credits.

## Notes to the financial statements

at 30 September 2011

### 9. Property, plant and equipment

	<i>Short leasehold buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Assets under construction</i> £	<i>Total</i> £
<b>Cost:</b>					
At 1 October 2009	666,053	3,613,910	243,449	–	4,523,412
Additions	–	99,714	–	10,986	110,700
<b>At 30 September 2010</b>	<b>666,053</b>	<b>3,713,624</b>	<b>243,449</b>	<b>10,986</b>	<b>4,634,112</b>
At 1 October 2010	666,053	3,713,624	243,449	10,986	4,634,112
Additions	–	71,898	–	–	71,898
<b>At 30 September 2011</b>	<b>666,053</b>	<b>3,785,522</b>	<b>243,449</b>	<b>10,986</b>	<b>4,706,010</b>
<b>Depreciation:</b>					
At 1 October 2009	153,057	2,357,047	223,146	–	2,733,250
Charge for period	101,490	276,314	12,055	–	389,859
<b>At 30 September 2010</b>	<b>254,547</b>	<b>2,633,361</b>	<b>235,201</b>	<b>–</b>	<b>3,123,109</b>
At 1 October 2010	254,547	2,633,361	235,201	–	3,123,109
Charge for period	101,500	295,041	8,248	–	404,789
<b>At 30 September 2011</b>	<b>356,047</b>	<b>2,928,402</b>	<b>243,449</b>	<b>–</b>	<b>3,527,898</b>
<b>Net Book Value:</b>					
At 30 September 2011	<b>310,006</b>	<b>857,120</b>	<b>–</b>	<b>10,986</b>	<b>1,178,112</b>
At 30 September 2010	411,506	1,080,263	8,248	10,986	1,511,003

## Notes to the financial statements

at 30 September 2011

### 9. Property, plant and equipment (continued)

Included in property, plant and equipment are the following assets held under finance leases:

	<i>Plant and Machinery</i>	
	<i>2011</i>	<i>2010</i>
	£	£
Net book value	66,570	116,947
Depreciation charged on these assets in the period	50,377	50,377

### 10. Stocks

	<i>2011</i>	<i>2010</i>
	£	£
Raw materials and consumables	224,751	204,335
	<b>224,751</b>	<b>204,335</b>

### 11. Trade and other receivables

	<i>2011</i>	<i>2010</i>
	£	£
Trade receivables from customers	878,164	909,980
Trade receivables from group undertakings	1,544,177	1,439,646
Deferred tax (see note 14)	—	—
Prepayments	13,674	111,109
VAT Receivable	30,939	345,150
Other receivables	347,890	26,412
	<b>2,814,844</b>	<b>2,832,297</b>

The total receivables above include a provision for bad debts of: 41,937 54,774

Movements on the provision for the impairment of debtors are as follows:

	<i>2011</i>	<i>2010</i>
	£	£
At 1 October 2010	54,774	134,100
Provision for debtors impairment	45,290	54,050
Receivables written off during the year as uncollectible	(58,127)	(133,376)
Unused amounts reversed	—	—
<b>At 30 September 2011</b>	<b>41,937</b>	<b>54,774</b>

## Notes to the financial statements

at 30 September 2011

### 12. Trade and other Payables

<i>Payable within one year</i>	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Payables due to suppliers	285,243	325,236
Amounts owed to group companies	2,946,250	2,672,621
Other taxes and social security	—	49,172
Deferred income: Government grants	40,500	45,587
Other payables	191,922	132,175
Accrued expenses and deferred income	569,423	732,141
	<b>4,033,338</b>	<b>3,956,932</b>

All of the trade and other payables above are payable within one year.

<i>Payable in more than one year</i>	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Deferred income: Government grants	157,063	197,563
Accrued expenses	65,667	106,208
Provisions (see note 15)	4,499	4,499
	<b>227,229</b>	<b>308,270</b>

All of the trade and other payables above are payable after one year.

The accruals falling due in more than one year represents a lease incentive awarded on the main building occupied by Aptuit (Glasgow) Limited. The benefit of the rent free 6 months at the start of the lease is spread across the entire lease period. Of this benefit £14,116 (2010 – £14,267) is held in accruals falling due in less than one year.

### 13. Financial instruments

#### *Fair values*

The carrying values for each class of financial assets and liabilities in the balance sheet, which are given below, are not considered to be materially different to their fair values. The basis for calculating fair values, where applicable, is set out in the accounting policy notes.

	<i>Carrying Amount 2011 £</i>	<i>Carrying Amount 2010 £</i>
Trade and other group receivables (note 11)	2,422,341	2,349,626
Cash and cash equivalents	188,065	598,223
Trade and other group payables (note 12)	(3,231,493)	(2,997,857)
Finance lease liabilities	(3)	(27,780)
<b>Total Financial Instruments</b>	<b>(621,090)</b>	<b>(77,788)</b>

## Notes to the financial statements

at 30 September 2011

### 13. Financial instruments (continued)

#### *Fair values* (continued)

IAS 39 categories of financial instruments

Financial assets at fair value

Cash and cash equivalents	188,065	598,223
Other loans and receivables (note 11)	2,422,341	2,349,626
	<u>2,610,406</u>	<u>2,947,849</u>
Loans and borrowings	(3)	(27,780)
Trade and other group payables (note 12)	(3,231,493)	(2,977,857)
	<u>(3,231,496)</u>	<u>(3,025,637)</u>
Total financial liabilities measured at amortised cost		
	<u>(621,090)</u>	<u>(77,788)</u>

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business.

#### *Credit and liquidity risk*

Financial instruments that potentially subject the Company to concentrations of credit and liquidity risk consist primarily of cash, cash equivalents and accounts receivable. The Company continually monitors its position with, and the credit quality of, the financial institutions, which are counterparties to its financial instruments, and does not anticipate non-performance. It is the Company's policy to monitor accounts receivable balances and chase late payments. The Company regularly reviews the credit worthiness of its customers in order to minimise credit risk.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £2,422,341 (2010 – £2,349,626) being the total of the carrying amount of financial assets shown in the table above.

There is not considered to be any credit risk in relation to cash and cash equivalents of £188,065 (2010 – £598,223)

The maximum exposure to credit risk for trade receivables at the year end by geographic region was:

	2011	2010
	£	£
UK	148,161	261,517
Europe	170,035	158,929
America	1,780,658	890,410
Rest of the World	323,487	1,038,770
	<u>2,422,341</u>	<u>2,349,626</u>
	2011	2010
	£	£
Third party customers	878,164	909,980
Group undertakings	1,544,177	1,439,646
	<u>2,422,341</u>	<u>2,349,626</u>

## Notes to the financial statements

at 30 September 2011

### 13. Financial instruments (continued)

#### *Credit and liquidity risk (continued)*

The company's most significant customer accounts for £142,778 (2010 – £111,315) of the third party trade receivables carrying amount at the year end.

The ageing of trade receivables at the year end was:

	2011 £	2010 £
Not past due	571,575	407,009
Past due 0-30 days	98,083	154,392
Past due 31-120 days	185,338	117,023
Past due more than 120 day's	1,567,345	1,671,203
	<u>2,422,341</u>	<u>2,349,626</u>

The above table shows the net trade receivables balances including provisions against bad debt or doubtful debts (note 11). At year end there were £1,567,345 trade receivables aged more than 120 days. (2010 – £1,671,203).

Other receivables from group undertakings represent balances owing from intercompany trading. The directors do not consider there to be a notable credit risk associated with these receivables. Of the £1,567,345 (2010: £1,671,203 ) receivables aged more than 120 days, receivables from group undertakings account for £1,446,273 (2010: £1,341,742).

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

#### **Market risk - interest rate risk:**

The Company is exposed to interest rate risk through finance lease liabilities. With regard to these instruments the Company is not subject to significant interest rate risks.

At the balance sheet date the interest profile of the Company's interest bearing financial instruments was:

	2011 £	2010 £
Fixed rate instruments		
Financial liabilities	(3)	(27,780)
	<u>(3)</u>	<u>(27,780)</u>

## Notes to the financial statements

at 30 September 2011

### 13. Financial instruments (continued)

#### *Sensitivity analysis*

There were no variable rate financial instruments held as at the balance sheet dates and as such no exposure to interest rate changes existed.

#### *Foreign currency exchange risk*

The Company conducts most of its sales in Great British Pounds and therefore does not have a significant exposure to foreign currency fluctuations. Although some supplies are sourced from overseas companies and payments required in foreign currencies, primarily Euros or US Dollars, the timescales and value levels involved are not felt to result in significant exposure to foreign currency risk. The Company does not use any sort of forward contracts or other similar derivatives in its managing of foreign currency risk.

The company's exposure to foreign currency risk is as follows:

<i>At 30 September 2011</i>	<i>Sterling</i> £	<i>Euro</i> £	<i>US Dollar</i> £	<i>Total</i> £
Trade receivables	236,014	250,069	1,936,258	2,422,341
Cash and cash equivalents	77,126	109,440	1,499	188,065
Bank loans	—	—	—	—
Trade and other payables	(1,302,962)	(153,529)	(1,775,002)	(3,231,493)
Finance lease liabilities	(3)	—	—	(3)
<b>Total</b>	<b>(989,825)</b>			<b>(621,090)</b>
<b>Net Exposure</b>		<b>205,980</b>	<b>162,755</b>	
<i>At 30 September 2010</i>	<i>Sterling</i> £	<i>Euro</i> £	<i>US Dollar</i> £	<i>Total</i> £
Trade receivables	96,127	285,615	1,967,884	2,349,626
Cash and cash equivalents	468,749	127,749	1,725	598,223
Bank loans	—	—	—	—
Trade and other payables	(2,889,319)	(57,451)	(51,087)	(2,997,857)
Finance lease liabilities	(27,780)	—	—	(27,780)
<b>Total</b>	<b>(2,352,223)</b>			<b>(77,788)</b>
<b>Net Exposure</b>		<b>355,913</b>	<b>1,918,522</b>	

#### *Sensitivity analysis*

A 10 per cent weakening of the Euro and US Dollar currencies against the pound sterling at 30 September 2011 would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain consistent. The analysis is performed on the same basis for 31 September 2010.



## Notes to the financial statements

at 30 September 2011

### 13. Financial instruments (continued)

	2011	Equity 2010	Profit or Loss 2011	2010
	£	£	£	£
Euro	20,598	35,591	20,598	35,591
USD	16,275	191,852	16,275	191,852

#### Finance Lease Obligations

Liabilities under finance leases are recognised as financial obligations and the leased assets are capitalised. Lease payments totalling £3 (2010 – £28,733), including £nil (2010 – £953) in interest, are to be made to the respective lessors in future years. All finance lease arrangements are denominated in Great British Pounds.

Effective interest rates and re-pricing analysis:

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods over which they are due to be re-paid or become due for receipt.

#### As At 31 September 2011

	Effective interest rate	Total	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Financial Instrument								
Cash & cash equivalents	N/A	188,065	188,065	–	–	–	–	–
Loans:								
Finance lease liabilities	4.32%	(3)	(3)	–	–	–	–	–
		188,062	188,062	–	–	–	–	–
Gross Finance lease liabilities		–	–	–	–	–	–	–

#### As At 31 September 2010

	Effective interest rate	Total	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Financial Instrument								
Cash & cash equivalents	N/A	598,223	598,223	–	–	–	–	–
Loans:								
Finance lease liabilities	4.32%	(27,780)	(27,780)	–	–	–	–	–
		570,443	570,443	–	–	–	–	–
Gross Finance lease liabilities		(28,733)	(28,733)	–	–	–	–	–

## Notes to the financial statements

at 30 September 2011

### 14. Deferred Taxation

The elements of deferred taxation, which result in a deferred tax asset of £nil at the end of the year, are as follows:

	2011	2010
	£	£
Accelerated capital allowances	—	—
Short term timing differences	—	—
Pension provision	—	—
	<u>—</u>	<u>—</u>

### 15. Provisions for liabilities and charges

	<i>Decommission Costs</i>
	£
As at 30 September 2011 and 30 September 2010	4,499
	<u>4,499</u>

The decommission costs provision relates to estimated costs for the dismantling and restoring of the clean room and laboratory site at the end of its useful economic life. Consistent with IAS guidelines, the applicable costs as currently estimated by the Directors have been capitalised and will be depreciated over the lease term. A provision has been made against this based on the future obligation to restore the area of the clean rooms and laboratories at the end of their useful economic life.

### 16. Commitments

The company leases a building under a long-term operating lease

	2011	2010
	£	£
Future lease payments:		
Within 1 year	394,000	394,000
Between 2 and 5 years	1,576,000	1,576,000
In more than 5 years	1,017,833	1,411,833
	<u>3,987,833</u>	<u>3,381,833</u>
	2010	2010
	£	£
Amount expensed in the period in respect of operating leases	403,211	402,019
	<u>403,211</u>	<u>402,019</u>

The building is on a lease that terminates as outlined below:

<i>Leased property</i>	<i>Rent review date</i>	<i>Lease break Clause</i>	<i>Lease termination date</i>
Todd Campus	5th & 10th anniversary Of the date of entry	10th March 2014	11th March 2019

## Notes to the financial statements

at 30 September 2011

### 17. Share capital

	2011 £	2010 £
<b>Authorised share capital</b>		
24,000 Ordinary shares of £0.01p each	240	240
58,000 "A" ordinary shares of £0.01p each	580	580
18,000 "B" ordinary shares of £0.01p each	180	180
	<u>1,000</u>	<u>1,000</u>
	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
19,000 Ordinary shares of £0.01p each	190	190
58,000 "A" ordinary shares of £0.01p each	580	580
18,000 "B" ordinary shares of £0.01p each	180	180
	<u>950</u>	<u>950</u>

#### Class Rights:

All classes of shares in the Company rank pari passu in all respects save the following:

- the holders of "A" ordinary shares are entitled to appoint up to four "A" Directors
- the holders of "B" ordinary shares are entitled to appoint one "B" Director

### 18. Share Premium

The balance on share premium account of £1,080,857 may not be distributed legally under section 829 and 830 of the Companies Act 2006.

### 19. Pensions

The pension cost charge for the year was £59,700 (2010 – £42,086).

The amount paid by the Company for the benefit of the Directors is detailed in Note 20.

### 20. Related party transactions

All related party transactions are made on an arms length basis.

The Company provides no remuneration or compensation in any form to those directors employed by its parent company.

The Directors are remunerated by the parent company, Aptuit (Edinburgh) Limited or the ultimate parent undertaking, Aptuit Inc.

During the year the company made sales of goods or services of £nil (2010 – £nil) to Aptuit (Edinburgh) Limited and £nil (2010 – £114,590) to other Aptuit Inc Group companies.

## Notes to the financial statements

at 30 September 2011

At the year end receivables balances with Aptuit (Edinburgh) Ltd outstanding totalled £nil (2010 – £nil) and other Aptuit Inc Group companies £1,544,177 (2010 – £1,439,642).

At the year end balances owed to Aptuit (Edinburgh) Ltd outstanding totalled £2,946,250 (2010 – £2,672,621) and other Aptuit Inc Group companies £nil (2010 – £nil).

### 21. Ultimate parent undertaking

The Directors consider that the parent and ultimate controlling party of this company is Aptuit LLC, a private company incorporated in the USA, by virtue of its 100% holding in Aptuit (Glasgow) Limited.

The parent company was previously Aptuit (Edinburgh) Limited, a subsidiary of Aptuit (Wales) Limited prior to the sale of its investment as documented under note 22 below.

### 22. Subsequent events

On 17 February 2012 the company's immediate parent company, Aptuit (Edinburgh) Limited and its parent company, Aptuit (Wales) Limited, was sold by Aptuit Inc to Catalent Inc. On 6 December 2011, in readiness for the sale of the parent company, Aptuit (Edinburgh) Limited sold its investment in the company to Aptuit Inc. On 16 February 2012, Aptuit Inc transferred its investment in the company to Aptuit LLC who became the new parent company.

As part of the preparation for the above sale, on 10 November 2011, the intercompany liability of £2.8 million owed by the company to its then parent, Aptuit (Edinburgh) Limited considered satisfied in consideration of the issue to it of 280,000,000 ordinary shares of £0.01 each in the capital of Aptuit (Glasgow) Limited.