

Company Registration Number 1743940

AAI (GREAT BRITAIN) LIMITED

Abbreviated Accounts

31 December 2007



CLB COOPERS
Chartered Accountants & Registered Auditors
Laurel House
173 Chorley New Road
Bolton
BL1 4QZ

AAI (GREAT BRITAIN) LIMITED

Abbreviated Accounts

Year ended 31 December 2007

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AAI (GREAT BRITAIN) LIMITED

INDEPENDENT AUDITOR'S REPORT TO AAI (GREAT BRITAIN) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 6, together with the financial statements of AAI (Great Britain) Limited for the year ended 31 December 2007 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Other information

On 8 January 2009 we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 2007, and the full text of the company audit report is reproduced on pages 2 to 3

Laurel House
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8 January 2009

CLB Coopers
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AAI (GREAT BRITAIN) LIMITED

Independent Auditor's Report to the Shareholders

Year ended 31 December 2007

We have audited the financial statements of AAI (Great Britain) Limited for the year ended 31 December 2007 on pages 6 to 11 which have been prepared on the basis of the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

In forming our opinion we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the reliance on the support of the parent company AAI Deutschland GmbH & Co KG. The financial statements have been prepared on a going concern basis, the validity of which depends on the continuation of this support. The financial statements do not include any adjustments that would result from a withdrawal of this support. In view of the significance of this matter we consider that it should be brought to your attention, however our opinion is not qualified in this respect.

AAI (GREAT BRITAIN) LIMITED

Independent Auditor's Report to the Shareholders *(continued)*

Year ended 31 December 2007

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

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8 January 2009

AAI (GREAT BRITAIN) LIMITED

Abbreviated Balance Sheet

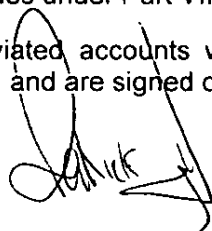
31 December 2007

	Note	2007 £	2006 £
Fixed assets	2		
Tangible assets		<u>11,322</u>	<u>5,616</u>
Current assets			
Debtors		80,390	40,839
Cash at bank and in hand		<u>8,839</u>	<u>2,862</u>
		89,229	43,701
Creditors: Amounts falling due within one year		<u>13,158</u>	<u>44,535</u>
Net current assets/(liabilities)		<u>76,071</u>	<u>(834)</u>
Total assets less current liabilities		<u>87,393</u>	<u>4,782</u>
Creditors: Amounts falling due after more than one year		<u>3,648,321</u>	<u>2,202,108</u>
		<u>(3,560,928)</u>	<u>(2,197,326)</u>
Capital and reserves			
Called-up equity share capital	3	100	100
Profit and loss account		<u>(3,561,028)</u>	<u>(2,197,426)</u>
Deficit		<u>(3,560,928)</u>	<u>(2,197,326)</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors and authorised for issue on 8 January 2009, and are signed on their behalf by:

P J Deasy
Director



The notes on pages 5 to 6 form part of these abbreviated accounts.

AAI (GREAT BRITAIN) LIMITED

Notes to the Abbreviated Accounts

Year ended 31 December 2007

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The company is dependent on the financial support of its parent company, AAI Deutschland GmbH & Co KG, in order to ensure that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business. On the basis of this continued support, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents income attributable to the period stated net of value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% straight line
Fixtures & Fittings	- 15% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

AAI (GREAT BRITAIN) LIMITED

Notes to the Abbreviated Accounts

Year ended 31 December 2007

2. Fixed assets

	Tangible Assets £
Cost	
At 1 January 2007	6,438
Additions	<u>8,062</u>
At 31 December 2007	<u>14,500</u>
Depreciation	
At 1 January 2007	822
Charge for year	<u>2,356</u>
At 31 December 2007	<u>3,178</u>
Net book value	
At 31 December 2007	<u>11,322</u>
At 31 December 2006	<u>5,616</u>

3. Share capital

Authorised share capital:

	2007 £	2006 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

4. Ultimate parent company

The ultimate parent company is aaiPharma Inc, a company incorporated in the United States of America.