

eResearchTechnology Limited

**Directors' report and financial
statements**

Registered number 02126652

31 December 2008

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Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 2008.

Principal activity

The principal activity of the Company is the provision of cardiac data analysis services.

Business review

The results for the year reflect an increase in turnover compared to turnover for 2007. The change in the year-to-year result is due to the processing of additional transactions at slightly higher prices, and a higher level of new sales bookings during 2008. Operating expenses reflect the continued investment to expand capabilities to meet future growth, partially offset by a decrease in the costs of equipment sold.

Market risk

The directors have considered the current business environment and believe that, as the Company operates in the pharmaceutical and biotechnology industries, providing cardiac data analysis services to mostly large, global companies which continue to spend on new clinical trials and be concerned about the safety of new drugs in the heart, there is minimal risk to the Company's revenue streams from the recent economic downturn.

Principal Risks and Uncertainties

The Company operates in a market that is intensely competitive, continuously evolving and subject to rapid technological change. Increased competition could result in price reductions, reduced gross margins and loss of market share.

Our primary financial market risks include fluctuations in interest rates and currency exchange rates.

Interest Rate Risk

Our Parent Company places investments in money market funds, municipal securities, bonds of government sponsored agencies, certificates of deposit with fixed rates with maturities of less than one year, and A1P1 rated commercial bonds and paper. Due to the current financial market conditions, we have invested primarily in liquid money market funds. Due to the average maturity and conservative nature of our investment portfolio, a sudden change in interest rates would not have a material effect on the value of the portfolio. The impact on our future interest income of future changes in investment yields will depend largely on the gross amount of our cash, cash equivalents, short-term investments and long-term investments.

Foreign Currency Risk

All international net revenues are incurred in either US Dollars or Pounds Sterling. As such, we face exposure to adverse movements in the exchange rate of the Pounds Sterling and US Dollars.

Results and dividends

The results for the year are shown in the profit and loss account on page 6. The directors do not recommend the payment of a final dividend (2007: £4,072,600).

Directors' report *(continued)*

Directors and their interests

The directors who held office during the year were as follows:

Dr J Morganroth	American	(Resigned 20 May 2009)
R Baron	American	(Resigned 17 June 2008)
J Vella-Dean	British	(Resigned 1 January 2008)
J Blakeley	British	
M McKelvey	American	
J Bobbin	British	(Appointed 1 January 2008)
K Schneck	American	(Appointed 11 December 2008)
S Eisenstein	American	(Appointed 20 May 2009)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political and Charitable contributions

The Company made no political donations or incurred any political expenditure during the year. The Company made £160 (2007:£375) of charitable donations to a UK charity during the year.

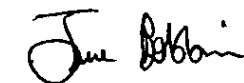
Disclosure of information to auditors

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



J Bobbin
Director

16 Oct 2009

Pegasus House
Bakewell Road
Orton Southgate
Peterborough
Cambridgeshire
PE2 6YS

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 judgements 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 enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG LLP

37 Hills Road
Cambridge
CB2 1XL

Independent auditors' report to the members of eResearchTechnology Limited

We have audited the financial statements of eResearchTechnology Ltd for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, 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 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 judgments 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.

Independent auditors' report to the members of eResearchTechnology Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

16th October 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Turnover	<i>2</i>	14,930,888	11,442,232
Operating expenses	<i>3</i>	(10,716,223)	(9,487,438)
		<hr/>	<hr/>
Operating profit		4,214,665	1,954,794
Other interest receivable and similar income	<i>7</i>	726,601	94,520
Interest payable and similar charges	<i>8</i>	(13)	(26,440)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>4-6</i>	4,941,253	2,022,874
Tax on profit on ordinary activities	<i>9</i>	(1,431,833)	(649,523)
		<hr/>	<hr/>
Profit for the financial year	<i>17</i>	3,509,420	1,373,351
		<hr/>	<hr/>

All of the above results relate to continuing activities.

Notes

(forming part of the financial statements)

1 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.

Basis of preparation

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

Related parties

As the Company is a wholly owned subsidiary of eResearchTechnology, Inc., the Company has taken advantage of the exemption contained in FRS 8, and has therefore not disclosed transactions or balances with entities which form part of the group (or investors of the group qualifying as related parties). The consolidated financial statements of eResearchTechnology, Inc. are publicly available.

Cash flow statement

Under the provisions of FRS 1 (revised), the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary of eResearchTechnology, Inc. whose consolidated financial statements are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Equipment	-	3-4 years
Fixtures and fittings	-	5 years

Turnover

Revenue is recognised as follows:

Cardiac Safety service revenues consist of revenues from services that the Company provides on a fee-for-service basis and the Company recognises such revenues as the services are performed. The rental of cardiac safety equipment is recognised over the rental period.

Notes (continued)

1 Accounting policies (continued)

Turnover (continued)

Sales of equipment and supplies are recognised at the date of dispatch. The Company provides consulting and training services on a time and materials basis and recognises revenues as it performs the services.

Customer deposits are included within deferred income until the agreed services are performed.

Share based payments

The share option programme allows employees to acquire shares of the Parent Company. The fair value of options granted after 7 November 2002 and that have not yet vested as at 1 January 2009 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Clarification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

Notes (continued)

1 Accounting policies (continued)

Clarification of financial instruments issued by the Company (continued)

- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the actual exchange rate as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Leases

The Company enters into operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Pension costs

The Company operates a defined contribution scheme and the amounts charged to the profit and loss account represent the contributions payable in respect of the accounting period.

2 Analysis of turnover

The turnover for the year was derived from the Company's principal activity.

The analysis of turnover by geographical area is as follows:

	2008 £	2007 £
United Kingdom	1,375,368	1,668,898
Other	13,555,520	9,773,334
	<hr/>	<hr/>
	14,930,888	11,442,232
	<hr/>	<hr/>

Notes (continued)

3 Operating expenses

	2008	2007
	£	£
Raw materials, consumables and other external charges	1,144,657	886,228
Staff costs (note 5)	3,809,329	3,299,875
Depreciation of tangible fixed assets	1,886,430	2,139,845
Other operating charges	3,875,807	3,161,490
	<u>10,716,223</u>	<u>9,487,438</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2008	2007
	£	£
Depreciation and other amounts written off tangible fixed assets:		
- Owned	1,886,430	2,139,845
Operating lease rentals		
- Plant and machinery	24,877	19,766
- Other assets	221,884	221,524
Profit on disposal of fixed assets	151,399	177,662
<i>Auditors remuneration:</i>		
Audit of the financial statements	33,044	19,081
Other services relating to taxation	5,800	4,650
	<u>33,044</u>	<u>19,081</u>

5 Staff numbers and costs

Particulars of employees (including directors) are as shown below:

	2008	2007
	£	£
Employee costs during the year amounted to:		
Wages and salaries	3,221,893	2,825,986
Share based payments (see note 21)	113,195	85,380
Social security costs	354,745	298,029
Other pension costs	119,496	90,480
	<u>3,809,329</u>	<u>3,299,875</u>

The average monthly number of persons employed by the Company (including directors) during the year was as follows:

	2008	2007
	Number	Number
Management	2	2
Administration and selling	85	68
	<u>87</u>	<u>70</u>

Notes (continued)

6 Remuneration of directors

	2008 £	2007 £
Directors' emoluments	206,082	173,827
Company contributions to money purchase pension schemes	8,038	7,447
	<u>214,120</u>	<u>181,274</u>

	Number of directors 2008	2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>2</u>

Directors' rights to subscribe for shares in the Parent Company are indicated below:

	At start of year £	At end of year £	Weighted average exercise price £
J Bobbin	-	500	8.29
J Blakeley	<u>37,325</u>	<u>62,325</u>	<u>7.64</u>

The other directors have not been remunerated for their services as directors of the Company. Further details of their remuneration can be obtained from the financial statements of eResearchTechnology, Inc. (see note 22).

7 Other interest receivable and similar income

	2008 £	2007 £
Gain on foreign exchange	576,255	-
Credit interest	150,346	94,520
	<u>726,601</u>	<u>94,520</u>

8 Interest payable and similar charges

	2008 £	2007 £
Loss on foreign exchange	-	24,340
Debit interest	13	2,100
	<u>13</u>	<u>26,440</u>

Notes (continued)

9 Tax on profit on ordinary activities

Analysis of charge in year

	2008	2007
£	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	1,593,955	784,512
Adjustments in respect of prior years	(21,156)	(52,151)
Overseas tax	-	(201)
Total current tax	1,572,799	732,160
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	(120,390)	(186,628)
Adjustments in respect of prior years	(20,576)	85,722
Effect of decrease in tax rate	-	18,269
Total deferred tax	(140,966)	(82,637)
Tax on profit on ordinary activities	1,431,833	649,523

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2007: higher) than the standard rate of corporation tax in the UK (28.5%, 2007: 30%). The differences are explained below.

	2008	2007
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,941,253	2,022,874
Current tax at 28.5% (2007: 30%)	1,408,257	606,862
<i>Effects of:</i>		
Share option charge	31,695	25,614
Expenses not deductible for tax purposes	10,458	14,122
Depreciation in excess of capital allowances	197,611	144,703
Reversal/origination of short term timing differences	725	2,098
Effect of share options, gains and charges	(38,617)	(8,535)
Adjustments in respect of prior years	(21,156)	(52,151)
Other adjustments	8,532	(553)
Effect of change in tax rate	(24,706)	-
Total current tax charge (see above)	1,572,799	732,160

Factors affecting the tax charge

On 26 June 2007 the UK Government's 2007 Finance Bill completed its passage through Parliament, resulting in a change in the corporation tax rate from 30% to 28% as from 1 April 2008.

Notes (continued)

10 Dividends

The aggregate amount of dividends comprises:

	2008 £	2007 £
Final dividends paid in respect of prior year but not recognised as liabilities in that year	-	572,600
Interim dividends paid in respect of the current year	-	3,500,000
Aggregate amount of dividends paid in the financial year	-	4,072,600
Dividends in respect of the year recognised as a liability at the year end	-	-
	-	4,072,600

11 Tangible fixed assets

	Fixtures, fittings, tools and equipment £
Cost	
At beginning of year	10,273,688
Additions	1,063,877
Disposals	(625,541)
At end of year	10,712,024
Depreciation	
At beginning of year	6,553,013
Charge for the year	1,886,430
Disposals	(368,682)
At end of year	8,070,761
Net book value	
At 31 December 2008	2,641,263
At 31 December 2007	3,720,675

12 Debtors

	2008 £	2007 £
Trade debtors	2,542,876	1,815,450
Other debtors	83,943	124,748
Prepayments and accrued income	199,323	120,307
Corporation tax asset	-	222,869
Deferred tax asset (see note 15)	396,729	255,763
	3,222,871	2,539,137

Notes (continued)

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	249,798	465,563
Amounts due to group undertaking	111,089	1,377,278
Other taxes and social security	87,024	75,715
Accruals and deferred income	2,220,725	1,978,586
Corporation tax liability	866,790	-
	<u>3,535,426</u>	<u>3,897,142</u>

14 Provisions for Liabilities

	Deferred taxation £	Other provisions £	Total £
At beginning of year	(255,763)	29,187	(226,576)
Credit to the profit and loss for the year	(140,966)	(27,833)	(168,799)
	<u>(396,729)</u>	<u>1,354</u>	<u>(395,375)</u>

Other provisions relate to employers' national insurance on employee share options in accordance with UITF 25.

15 Deferred taxation

	£
At beginning of year	(255,763)
Credit to the profit and loss account	(140,966)
	<u>(396,729)</u>

The elements of the deferred tax are as follows:

	2008 £	2007 £
Other timing differences	(12,930)	(12,205)
Difference between accumulated depreciation and amortisation and capital allowances	(383,799)	(186,188)
Share options	-	(57,370)
	<u>(396,729)</u>	<u>(255,763)</u>

Notes (continued)

16 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

17 Capital and reserves

	Called up share capital £	Capital Contributions Reserve £	Profit and loss account £	Total £
At the beginning of the year	100	812,788	4,265,746	5,078,634
Profit for the year	-	-	3,509,420	3,509,420
Share based payment charge	-	113,195	-	113,195
	<hr/>	<hr/>	<hr/>	<hr/>
	100	925,983	7,775,166	8,701,249
	<hr/>	<hr/>	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Retained profit	3,509,420	1,373,351
Credit in relation to share based payments	113,195	85,380
Dividends on shares classified in shareholders' funds	-	(4,072,600)
	<hr/>	<hr/>
Net (deduction from)/addition to shareholders' funds	3,622,615	(2,613,869)
Opening shareholders' funds	5,078,634	7,692,503
	<hr/>	<hr/>
Closing shareholders' funds	8,701,249	5,078,634
	<hr/>	<hr/>

Notes (continued)

19 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
- within 1 year	-	642	-	-
- between 2-5 years	208,572	24,474	-	24,855
- Over five years	29,200	-	237,780	-
	<u>237,772</u>	<u>25,116</u>	<u>237,780</u>	<u>24,855</u>

20 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £119,496(2007: £88,230). There were no prepaid employer pension contributions at the year end (2007: £nil). There were accrued employer pension contributions at the year end of £9,582 (2007: £6,992).

21 Employee share schemes

Share based payments

In 1996, the Parent Company adopted a share option plan (the "1996 Plan") that authorised the grant of both incentive and non-qualified options to acquire up to 3,375,000 shares of the Parent Company's common stock. The Parent Board of Directors determined the exercise price of the options under the 1996 Plan. The exercise price of incentive share options was not below the fair value of the common shares on the grant date. Incentive share options under the 1996 Plan expire ten years from the grant date and are exercisable in accordance with vesting provisions set by the Board, which generally are over three to five years. In May 1999, the shareholders of the Parent Company approved an amendment to the 1996 Plan that increased the number of shares which could be acquired through option grants under the 1996 Plan by 4,050,000 to 7,425,000 and provided for an annual option grant of 5,000 shares to each outside Parent Company director. In April 2001, the shareholders of the Parent Company approved an amendment to the 1996 Plan that increased the number of shares which could be acquired through option grants under the 1996 Plan by 2,025,000 to 9,450,000. No additional options have been granted under this plan, as amended, since 31 December 2003 and no additional options may be granted thereunder in accordance with the terms of the 1996 Plan.

In May 2003, the shareholders of the Parent Company approved a new share option plan (the "2003 Plan") that authorised the grant of both incentive and non-qualified options to acquire shares of the Parent Company's common shares and provided for an annual option grant of 10,000 shares to each outside Parent Company director. The Compensation Committee of the Parent Company Board of Directors determines or makes recommendations to the Parent Company Board of Directors regarding the recipients of option grants, the exercise price and other terms of the options under the 2003 Plan. The exercise price of incentive share options may not be set below the fair value of the common shares on the grant date. Incentive share options under the 2003 Plan expire ten years from the grant date, or at the end of such shorter period as may be designated by the Compensation Committee, and are exercisable in accordance with vesting provisions set by the Compensation Committee, which generally are over four years. In April 2006, the shareholders of the Parent Company approved an amendment to the 2003 Plan that increased the number of shares which could be acquired through option grants under the 2003 Plan by 3,500,000. In accordance with the terms of the 2003 Plan, there are a total of 7,318,625 shares reserved for issuance under the 2003 Plan. The Parent Company normally issues new shares to satisfy option exercises under these plans. On 15 February 2007, the Board of Directors of the Parent Company, based on the recommendation of the Compensation Committee, adopted, subject to shareholder approval at the Annual Meeting, the Parent

Company's Amended and Restated 2003 Equity Incentive Plan (the "2003 Equity Plan"). On 26 April 2007, the shareholders approved the adoption of the Plan.

Notes (continued)

21 Employee share schemes (continued)

The 2003 Equity Plan amended the Parent Company's existing 2003 Plan in two material respects. First, it prohibits re-pricing of any share options granted under the Plan unless the shareholders approve such re-pricing. Second, it permits awards of share appreciation rights, restricted shares, long term performance awards and performance shares in addition to grants of share options.

Both the 1996 Plan and the 2003 Plan are exercisable in four equal annual instalments, with the first such instalment exercisable on the first anniversary of the date of the grant of this option.

The terms and conditions of the plans are as follows, whereby all options are settled by physical delivery of shares:

Scheme	Vesting conditions	Contractual
1996 Share Option Plan granted by Parent on: 23 April 2002	4 years	10 years
23 July 2002	4 years	10 years
2003 Share Option Plan granted by Parent on: 22 April 2003	4 years	10 years
9 February 2004	4 years	10 years
14 February 2005	4 years	7 years
10 February 2006	4 years	7 years
23 February 2007	4 years	7 years
28 February 2008	4 years	7 years

The number and weighted average exercise prices of share options are as follows:

	2008 Weighted average exercise price (£)	2008 Weighted average exercise price (\$)	2008 Number of options	2007 Weighted average exercise price (£)	2007 Weighted average exercise price (\$)	2007 Number of options
Outstanding at the beginning of the period	6.10	11.26	217,125	6.32	12.69	159,938
Granted during the period	6.50	12.00	56,400	3.69	7.41	74,100
Forfeited during the period	-	-	-	6.82	13.68	5,150
Exercised during the period	2.29	4.23	32,586	2.04	4.09	11,475
Lapsed during the period	-	-	-	8.39	16.84	288
Outstanding at the end of the period	6.70	12.38	240,939	5.61	11.26	217,125
Exercisable at the end of the period	7.89	14.57	102,939	6.18	12.41	99,700

The weighted average share price at the date of exercise of share options exercised during the period was £6.82 for the period.

Notes (continued)

21 Employee share schemes (continued)

Options outstanding at the year end have the following exercise price and weighted average contractual lives:

Range of exercise price \$	Vested	Unvested	Weighted average exercise price (\$)	Weighted average exercise price (£)	Weighted average remaining contractual life
0-2.21	2,026	-	1.02	0.70	2.18
2.21-4.42	4,838	-	3.01	2.08	3.56
4.42-6.63	7,000	-	6.29	4.35	4.31
6.63-8.84	15,650	54,675	7.41	5.12	5.23
11.05-13.25	-	56,400	12.00	8.29	6.24
13.25-15.46	42,975	26,925	15.06	10.41	3.65
19.88-22.09	30,450	-	22.09	15.26	5.11

The fair value of the Company's share-based awards to employees during the years ended 31 December 2007 and 2008 was estimated at the date of grant using the Black-Scholes closed form option-pricing model (Black-Scholes), assuming no dividends and using the weighted-average valuation assumptions noted in the following table. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time outstanding) of the share options granted was estimated using the historical exercise behaviour of employees. Expected volatility was based on historical volatility for a period equal to the share option's expected life, calculated on a daily basis.

	2008 2003 option plan	2007 2003 option plan
Fair value at measurement date	£2.39	£1.71
Weighted average share price	£6.04	£3.79
Exercise price	£6.04	£3.79
Expected volatility	52.03%	56.19%
Option life	3.5 years	3.5 years
Risk free interest rate (based on national government bonds)	2.10%	4.70%

Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The total expenses recognised for the period arising from share based payments are as follows:

	2008 £	2007 £
Equity settled share based payments	113,195	85,380
	<u>113,195</u>	<u>85,380</u>

Notes *(continued)*

22 Ultimate Parent Company and controlling party

The Company is a wholly owned subsidiary of eResearchTechnology, Inc. which is the ultimate Parent Company and controlling party incorporated in Delaware, USA.

The largest group in which the results of the Company are consolidated is that headed by eResearchTechnology, Inc. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and can be obtained from 1818 Market Street, 10th Floor, Philadelphia, PA 19103, USA.