

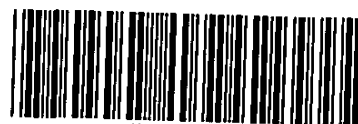
eResearchTechnology Limited

**Directors' report and financial
statements**

Registered number 02126652

31 December 2009

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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 2009

Principal activity

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

Business review

Net revenues were £14.5 million for 2009, a decrease of \$0.4 million or (2.7%) from £14.9 million in 2008 due primarily to the confluence of two key factors. The first factor was the deep recession of 2008-2009, which significantly affected our clients, both large and small. Large pharmaceutical, biotechnology and medical device companies became very conservative in their funding of research and development activities and our small to mid-sized clients were severely impacted by the tight credit conditions from the recession. The second factor was a very sharp decline in the demand for Thorough QTc studies from our clients. These studies performed by ERT are largely for small to mid-sized clients, it was this sector of the economy that was most severely impacted by the very tight credit conditions caused by the recession. Both of these factors resulted in significantly reduced demand for our cardiac safety services and a corresponding fall in our revenue.

Gross margin percentage was 21.5% in 2009 compared to 28.3% in 2008. Gross margin percentage is impacted by a reduction in the number of transactions and a slight decline in average transaction pricing in 2009 as compared to 2008. In the shorter term, costs do not necessarily change in direct relation with changes in revenue.

Operating expenses were £11.4 million for 2009, an increase of \$0.7 million or (6.1%) from £10.7 million in 2008. Depreciation costs fell by 27.6% as older, more expensive equipment became fully depreciated, whilst the cost of other operating expenses including our group shared services increased by 21.5% to £4.9 million in 2009 from £3.9 million in 2008.

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 on 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.

Directors' report *(continued)*

Results and dividends

The results for the year are shown in the profit and loss account on page 7. The directors do not recommend the payment of a final dividend (2008: £nil).

Directors and their interests

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

Dr J Morganroth	American	(Resigned 20 May 2009)
J Blakeley	British	
M McKelvey	American	
J Bobbin	British	
K Schneck	American	
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 no charitable donations to a UK charity during the year (2008: £160).

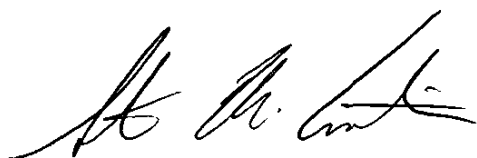
Disclosure of information to auditors

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 Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



S Eisenstein
Director

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

KPMG LLP

37 Hills Road
Cambridge
CB2 1XL

Independent auditor's report to the members of eResearchTechnology Limited

We have audited the financial statements of eResearchTechnology Limited for the year ended 31 December 2009, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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

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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 31st December 2009 and of its profit for the year then ended -
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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

Charles le Strange Meakin

Charles le Strange Meakin

20th September 2010

for and on behalf of KPMG LLP Statutory Auditor
KPMG LLP
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2009


	<i>Note</i>	2009 £	2008 £
Turnover	2	14,538,151	14,930,888
Operating expenses	3	(11,415,398)	(10,716,223)
Operating profit		3,122,753	4,214,665
Other interest receivable and similar income	7	38,590	726,601
Interest payable and similar charges	8	(391,513)	(13)
Profit on ordinary activities before taxation	4-6	2,769,830	4,941,253
Tax on profit on ordinary activities	9	(832,555)	(1,431,833)
Profit for the financial year	17	1,937,275	3,509,420

All of the above results relate to continuing activities

Balance sheet
at 31 December 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	10		2,191,131		2,641,263
Current assets					
Debtors	11	3,284,733		3,222,871	
Cash at bank and in hand		8,698,586		6,373,895	
			11,983,319		9,596,766
Creditors: amounts falling due within one year	12	(3,375,908)		(3,535,426)	
Net current assets			8,607,410		6,061,340
Total assets less current liabilities			10,798,542		8,702,603
Provisions for liabilities and charges	13		(7,058)		(1,354)
Net assets			10,791,484		8,701,249
Capital and reserves					
Called up share capital	15		100		100
Capital contributions reserve	16		1,078,943		925,983
Profit and loss account	16		9,712,441		7,775,166
Shareholders' funds	17		10,791,484		8,701,249

These financial statements were approved by the board of directors on 20 Sep 2010 and were signed on its behalf by



S Eisenstein
Director

eResearch Technology Limited
02126652

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

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 2 to 3

The company is expected to continue to generate positive cash flows in its own account for the foreseeable future The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The directors, having assessed the responses of the directors of the company's parent, eResearchTechnology, Inc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the ERT Group to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of eResearchTechnology, Inc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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

Notes (continued)

1 Accounting policies (continued)

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.

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 2010 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. The Company's parent grants rights to its equity instruments to the Company's employees. These are accounted for as equity settled share based payments in the consolidated accounts of the parent and in these financial statements.

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. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Notes (continued)

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

	2009 £	2008 £
United Kingdom	1,288,600	1,375,368
USA	1,638,429	2,056,166
Europe	8,876,530	9,971,900
Other	2,734,592	1,527,454
	<u>14,538,151</u>	<u>14,930,888</u>

3 Operating expenses

	2009 £	2008 £
Raw materials, consumables and other external charges	1,159,401	1,144,657
Staff costs (note 5)	3,950,948	3,809,329
Depreciation of tangible fixed assets	1,366,333	1,886,430
Other operating charges	4,938,716	3,875,807
	<u>11,415,398</u>	<u>10,716,223</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2009 £	2008 £
Depreciation and other amounts written off tangible fixed assets		
- Owned	1,366,333	1,886,430
Operating lease rentals		
- Plant and machinery	25,055	24,877
- Other assets	221,884	221,884
Profit on disposal of fixed assets	24,865	151,399
<i>Auditors remuneration</i>		
Audit of the financial statements	31,544	33,044
Services relating to tax including the 2006 HMRC Enquiry	19,035	5,800
Services relating to fixed asset disposal	5,425	-
	<u></u>	<u></u>

Notes (continued)

5 Staff numbers and costs

Particulars of employees (including directors) are as shown below

	2009 £	2008 £
Employee costs during the year amounted to		
Wages and salaries	3,322,851	3,221,893
Share based payments (see note 20)	152,960	113,195
Social security costs	355,603	354,745
Other pension costs	119,534	119,496
	<u>3,950,948</u>	<u>3,809,329</u>

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

	2009 Number	2008 Number
Management	2	2
Administration and selling	87	85
	<u>89</u>	<u>87</u>

6 Remuneration of directors

	2009 £	2008 £
Directors' emoluments	278,169	206,082
Company contributions to money purchase pension schemes	8,304	8,038
	<u>286,473</u>	<u>214,120</u>

	Number of directors 2009	2008
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	1,700	4.33
J Blakeley	<u>62,325</u>	<u>112,325</u>	<u>5.23</u>

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

Notes (continued)

7 Other interest receivable and similar income

	2009	2008
	£	£
Gain on foreign exchange	-	576,255
Interest	38,590	150,346
	<u>38,590</u>	<u>726,601</u>

8 Interest payable and similar charges

	2009	2008
	£	£
Loss on foreign exchange	389,467	-
HMRC Interest	2,046	13
	<u>391,513</u>	<u>13</u>

9 Tax on profit on ordinary activities

Analysis of charge in year

	2009	2008
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	877,715	1,593,955
Adjustments in respect of prior years	-	(21,156)
Overseas tax	-	-
Total current tax	<u>877,715</u>	<u>1,572,799</u>
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	(45,160)	(120,390)
Adjustments in respect of prior years	-	(20,576)
Total deferred tax	<u>(45,160)</u>	<u>(140,966)</u>
Tax on profit on ordinary activities	<u>832,555</u>	<u>1,431,833</u>

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2008 higher) than the standard rate of corporation tax in the UK (28%, 2008 28.5%). The differences are explained below

	2009 £	2008 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,769,830	4,941,253
Current tax at 28% (2008 28.5%)	775,552	1,408,257
<i>Effects of</i>		
Share option charge	42,829	31,695
Expenses not deductible for tax purposes	1,559	10,458
Depreciation in excess of capital allowances	42,110	197,611
Reversal/origination of short term timing differences	(102)	725
Effect of share options, gains and charges	2,159	(38,617)
Adjustments in respect of prior years	-	(21,156)
Effect of change in tax rate	-	(24,706)
Effect of trade debtors revaluation	11,730	-
Other adjustments	1,878	8,532
Total current tax charge (see above)	877,715	1,572,799

Factors affecting the tax charge after the current year

On 27 July 2010 the UK Government's 2010 Finance Bill completed its passage through Parliament, resulting in a change in the corporation tax rate from 28% to 24% as from 1 April 2011

10 Tangible fixed assets

	Fixtures, fittings, tools and equipment £
<i>Cost</i>	
At beginning of year	10,712,024
Additions	925,962
Disposals	(75,101)
At end of year	11,562,885
<i>Depreciation</i>	
At beginning of year	8,070,761
Charge for the year	1,366,333
Disposals	(65,340)
At end of year	9,371,754
Net book value	
At 31 December 2009	2,191,131
At 31 December 2008	2,641,263

Notes *(continued)*

11 Debtors

	2009 £	2008 £
Trade debtors	2,475,843	2,542,876
Other debtors	131,301	83,943
Prepayments and accrued income	159,314	199,323
Amounts due from group undertaking	76,386	-
Deferred tax asset (see note 14)	441,889	396,729
	<u>3,284,732</u>	<u>3,222,871</u>

12 Creditors amounts falling due within one year

	2009 £	2008 £
Trade creditors	183,323	249,798
Amounts due to group undertaking	-	111,089
Other taxes and social security	79,954	87,024
Accruals and deferred income	2,545,798	2,220,725
Corporation tax liability	566,833	866,790
	<u>3,375,908</u>	<u>3,535,426</u>

13 Provisions for Liabilities

	Other provisions £
At beginning of year	1,354
Credit to the profit and loss for the year	5,704
At end of year	<u>7,058</u>

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

Notes (continued)

14 Deferred taxation

	£
At beginning of year	(396,729)
Credit to the profit and loss account	(45,160)
At end of year	(441,889)

The elements of the deferred tax are as follows

	2009 £	2008 £
Short term timing differences on bad debt provision and pension liability	(12,828)	(12,930)
Other timing difference on share options	(3,152)	-
Difference between accumulated depreciation and amortisation and capital allowances	(425,909)	(383,799)
Deferred tax asset	(441,889)	(396,729)

15 Called up share capital

	2009 £	2008 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

16 Capital and reserves

	Called up share capital £	Capital Contributions Reserve £	Profit and loss account £	Total £
At the beginning of the year	100	925,983	7,775,166	8,701,249
Profit for the year	-	-	1,937,275	1,937,275
Share based payment charge	-	152,960	-	152,960
	100	1,078,943	9,712,441	10,791,484

Notes *(continued)*

17 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Retained profit	1,937,275	3,509,420
Credit in relation to share based payments	152,960	113,195
Net (deduction from)/addition to shareholders' funds	2,090,235	3,622,615
Opening shareholders' funds	8,701,249	5,078,634
Closing shareholders' funds	10,791,484	8,701,249

18 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
- within 1 year	-	3,189	-	642
- between 2-5 years	192,684	21,866	208,572	24,474
- Over five years	29,200	-	29,200	-
	<u>221,884</u>	<u>25,055</u>	<u>237,772</u>	<u>25,116</u>

Notes (continued)

19 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 £119,534 (2008 £119,496). There were no prepaid employer pension contributions at the year end (2008 *£nil*). There were accrued employer pension contributions at the year end of £9,217 (2008 £9,582).

20 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 there under 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.

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.

Notes (continued)

20 Employee share schemes (continued)

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
	2 March 2009	4 years	7 years

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

	2009 Weighted average exercise price (£)	2009 Weighted average exercise price (\$)	2009 Number of options	2008 Weighted average exercise price (£)	2008 Weighted average exercise price (\$)	2008 Number of options
Outstanding at the beginning of the period	6.70	12.38	240,939	6.10	11.26	217,125
Granted during the period	2.94	4.6	59,950	6.50	12.00	56,400
Forfeited during the period	4.59	7.18	11,125	-	-	-
Exercised during the period	0.65	1.02	1,013	2.29	4.23	32,586
Lapsed during the period	4.59	7.18	51,475	-	-	-
Outstanding at the end of the period	7.10	11.10	237,276	6.70	12.38	240,939
Exercisable at the end of the period	9.11	14.25	120,676	7.89	14.57	102,939

The weighted average share price at the date of exercise of share options exercised during the period was £6.87 for the period

Notes (continued)

20 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	1,013	-	1 02	0 70	2 18
2 21-4 42	4,838	-	3 01	2 08	3 56
4 42-6 63	7,000	122,450	4 85	3 1	4 31
6 63-8 84	14,000	43,550	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 2008 and 2009 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.

	2009 2003 option plan	2008 2003 option plan
Fair value at measurement date	£1.36	£2 39
Weighted average share price	£2.94	£6 04
Exercise price	£2.94	£6 04
Expected volatility	63.97%	52 03%
Option life	3 5 years	3 5 years
Risk free interest rate (based on national government bonds)	1.33%	2 10%

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:

	2009 £	2008 £
Equity settled share based payments	152,960	113,195
	152,960	113,195

Notes *(continued)*

21 Post Balance Sheet Event

On 28 May 2010 the group, headed by eResearchTechnology Inc, acquired 100% of the ordinary share capital of the Research Services Division of CareFusion Corporation, now registered as eResearchTechnology GmbH. The company provides respiratory diagnostics, makes diagnostic devices and provides services for electronically gathering cardiac-safety and patient-reported data.

The new organisational structure comprises of two UK holding companies, eResearchTechnology UK 1 Ltd and eResearchTechnology UK 2 Ltd being added to the ERT group in a linear structure owned by eResearchTechnology Inc. eResearchTechnology UK 2 Ltd now wholly owns eResearchTechnology Ltd which in turn owns ERT Europe GmbH and part owns a partnership (ERT GmbH & Co KG). The German partnership wholly owns the operating company currently registered as eResearchTechnology GmbH.

The group, headed by eResearchTechnology Inc, paid \$80.8 million in cash for CRS after giving effect to preliminary closing balance sheet adjustments. The acquisition was financed from ERT's existing cash and \$23 million drawn from ERT's new \$40 million revolving credit facility through Citizens Bank of Pennsylvania. The credit facility was established on 27 May 2010.

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.