

Company Registration No. 3006674 (England and Wales)

XENOVA KS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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XENOVA KS LIMITED

COMPANY INFORMATION

Directors

S B Parker
S R Evans-Freke
J C Mayo

Secretary

Throgmorton Secretaries LLP

Company number

3006674

Registered office

42-44 Portman Road
Reading
Berkshire
RG30 1EA

Auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Gloucester Street
Cambridge
CB3 0AN

XENOVA KS LIMITED

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XENOVA KS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

Xenova KS Limited is the holding company for Xenova Biomedix Limited. By the end of the year the other entities in which the company owned shares either directly or indirectly were dissolved. The value of investments and loans made by the company to these entities had already been provided for in full and therefore no charge to the profit and loss account arose in 2008 from the dissolution of these companies.

The profit and loss account includes the write-off of a debtor of £40,000, which the directors consider to be no longer recoverable.

The directors expect the company to continue to be the holding company of Xenova Biomedix Limited, another dormant company, for the foreseeable future.

Results and dividends

The results for the year are set out on page 5.

No dividends are proposed in respect of the year under review (2007:nil).

Directors

The following directors have held office during the year and up to the date of signing the financial statements

S B Parker

S R Evans-Freke

J C Mayo

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, PricewaterhouseCoopers LLP, will be deemed to be reappointed for each succeeding financial year.

XENOVA KS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors' responsibilities

Company law requires the directors to confirm that they have prepared financial statements for each financial year which 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 those 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

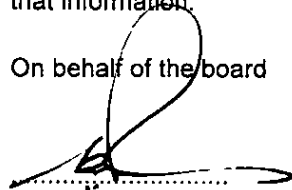
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

(a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S B Parker

Director

26/2/2009

XENOVA KS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XENOVA KS LIMITED

We have audited the financial statements of Xenova Limited 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.

Respective responsibilities of directors and auditors

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and Company Information and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

XENOVA KS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF XENOVA KS LIMITED

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 2008 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

18 August 2009.

XENOVA KS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £000	2007 £000
Administrative expenses		(40)	-
Loss on ordinary activities before taxation		(40)	-
Tax on loss on ordinary activities		-	-
Retained loss for the year	5	(40)	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There are no material differences between the loss on ordinary activities before taxation and the loss for the years stated above and their historical cost equivalents.

XENOVA KS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

		2008		2007	
	Notes	£000	£000	£000	£000
Current assets					
Debtors	3	-		40	
Total assets less current liabilities			-		40
Capital and reserves					
Called up share capital	4		1,295		1,295
Share premium account	5		70,530		70,530
Profit and loss account	5		(71,825)		(71,785)
Shareholders' funds			-		40

The financial statements on pages 5 to 9 were approved by the board of directors on 26/8/2009 and signed on its behalf by:


S B Parker
Director

XENOVA KS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom which have been applied consistently.

1.2 Going concern

The group is expected to continue as a dormant group, and is reliant on its ultimate parent undertaking to enable it to continue as a going concern. The directors have received confirmation from Celtic Pharma GP Limited that it intends to support the group for at least one year after these financial statements are signed. The financial statements do not contain any adjustments that would arise if the financial information was not drawn up on a going concern basis.

1.3 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.4 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking whose results are included within the publicly available financial statements prepared by Celtic Pharma Development UK plc, its ultimate UK parent company.

1.5 Cash flow statement

In accordance with the exemption available under FRS 1 (revised), 'Cash flow statements', a cash flow statement has not been prepared, as the company is a wholly owned subsidiary whose results are included in the consolidated accounts of Celtic Pharma Development UK plc, its ultimate UK parent company.

1.6 Related party disclosures

FRS 8, 'Related party disclosures', requires the disclosure of the details of material transactions between the reporting entity and any related parties. The company has taken advantage of the exemption from providing such information on group transactions as it is a wholly owned subsidiary and its results are included with the publicly available financial statements prepared by Celtic Pharma Development UK plc.

XENOVA KS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

2 Fixed asset investments

	Shares in group undertakings £000	Loans to group undertakings £000	Total £000
Cost			
At 1 January 2008	33,724	36,602	70,326
Disposals	(32,970)	(5,693)	(38,663)
At 31 December 2008	754	30,909	31,663
Provisions for diminution in value			
At 1 January 2008	33,724	36,602	70,326
On disposals	(32,970)	(5,693)	(38,663)
At 31 December 2008	754	30,909	31,663
Net book value			
At 31 December 2008	-	-	-
At 31 December 2007	-	-	-

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Xenova Biomedix Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2008 £000	Profit for the year 2008 £000
	Principal activity		
Xenova Biomedix Limited	Dormant company	(32,490)	-

Previously the company held more than 20% of the share capital of KS Canada Holdings Inc. and had an indirect interest in its wholly owned subsidiaries KS Canada Inc. and KS Avicenna Inc. These companies had all been dissolved by the balance sheet date and therefore the company no longer has any title to these investments and the costs of investments and associated provisions have been removed in full in preparing the 2008 financial statements.

XENOVA KS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

3 Debtors	2008 £000	2007 £000
Amounts owed by parent and fellow subsidiary undertakings	-	40

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

4 Share capital	2008 £000	2007 £000
Authorised		
100,000,000 (2007 - 100,000,000) ordinary shares of 2p each	2,000	2,000
Allotted, called up and fully paid		
64,767,095 (2007 - 64,767,095) ordinary shares of 2p each	1,295	1,295

5 Statement of movements on reserves	Share premium account £000	Profit and loss account £000
Balance at 1 January 2008	70,530	(71,785)
Loss for the year	-	(40)
Balance at 31 December 2008	70,530	(71,825)

6 Ultimate parent undertaking and controlling party

The directors regard Xenova Group Limited, a company registered in England and Wales, as the immediate parent company and Celtic Pharma Development UK plc as the ultimate parent company within the UK.

Celtic Pharma Development UK plc is the smallest group to consolidate, and copies of the consolidated financial statements for Celtic Pharma Development UK plc can be obtained from the company secretary at its registered office of 42-44 Portman Road, Reading, Berkshire, RG30 1EA.

The ultimate parent undertaking of the company is Celtic Pharmaceutical Holdings LP (the "Partnership"), a limited partnership registered in Bermuda, with its registered office at Cannon's Court, 22 Victoria Street, Hamilton, HM12 Bermuda. Celtic Pharmaceutical Holdings' general partner is Celtic Pharma General LP, which itself is a limited partnership whose general partner is Celtic Pharma GP Ltd, a limited liability company incorporated under the laws of Bermuda.