Sterix Limited

Directors' report and financial statements

31 December 2009

Registered number 03337831

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2009

Principal activities

Sterix Limited researches and develops new generation steroid-based products for the treatment of certain cancers as well as metabolic and endocrine-related disorders

Results and dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements and are discussed in the business review below The directors do not recommend the payment of a dividend *(2008 £nil)*

Business review

Financial overview

The Company is engaged in the research and development of pharmaceuticals for the treatment of human disease During the year a decision was taken not to renew a development agreement resulting in the crystallising of the contingent liability of £1 2m detailed in the prior year's financial statements

Financial performance

Financial performance for the year was as follows

	2009	2008	Change	
	£000	£000	£000	%
Development expenses	**10,450**	5,482	4,969	91
Loss before tax	**10,553**	5,730	4,823	84

Strategy

The Company's strategy is to continue its research and development activities

Research and development

Development costs increased by 91% in 2009 against 2008 due to an increased level of activity as drug development continues to progress and the recognition of the crystallised contingent liability of £1 2m

Summary of key performance indicators

The directors have monitored the progress of overall Company strategy and individual strategic elements by reference to certain financial and non-financial key performance indicators

	2009	2008	Method of calculation
Change in research and development costs (%)	**91**	15	Year-on-year research and development costs expressed as a percentage
Loss for the year after tax	-	429	Year-on-year loss for the year after tax

Future outlook

The directors believe that the Company's performance will continue at a satisfactory level and that the Company's economic progress in the future will depend on its ability to develop and commercialise successfully its existing or new pharmaceutical projects

Directors' report *(continued)*

Business review *(continued)*

Principal risks and uncertainties

The directors have reviewed the Company's principal risks and uncertainties and these are discussed in notes 21 and 22 to the financial statements The Company carries on business in a changing environment which poses significant risks for the Company which are outside its control

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out above and the Company is expected to continue to generate positive cash flows on its own account for the foreseeable future The Company participates in the Ipsen SA group's centralised treasury management 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 to their enquiries have no reason to believe that a material uncertainty exists that may cause significant doubt about the ability of the Company 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 the parent company, 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

Directors

The directors who held office during the year were as follows

A Bourgouin	(appointed 9 December 2009)
J C Davis	
C De La Tour	
B V L Potter	(resigned 15 December 2009)
M J Reed	(deceased (6 April 2009)
A M Stokes	(resigned 31 December 2009)

Research and development

The Company's focus is on research and development of pharmaceuticals for the treatment of human disease and the directors regard investment in research and development as integral to the continuing success of the business

Political and charitable contributions

The Company made no political contributions or donations to UK charities in the year (*2008 £nil*)

Auditor

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and Grant Thornton UK LLP will therefore continue in office

By order of the board

J C Davis
Secretary

Registered office
190 Bath Road
Slough
Berkshire
SL1 3XE

Date 12 February 2010

Company registration number 03337831

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 International Financial Reporting Standards as adopted by the European Union ("IFRSs")

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 the 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,
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006 The directors 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

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Sterix Limited

We have audited the financial statements of Sterix Limited for the year ended 31 December 2009 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 3, 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 website 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 31 December 2009 and of its result for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Grant Thornton UK LLP

Paul Creasey
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Slough
Date 12 February 2010

Statement of financial position

at 31 December 2009

	Note	2009 £000	2008 £000
Non-current assets			
Intangible assets	*9*	**-**	-
Deferred tax assets	*10*	**216**	301
		216	301
Current assets			
Trade and other receivables	*11*	**1,449**	383
Cash and cash equivalents	*12*	**135**	146
		1,584	529
Total assets		**1,800**	830
Equity attributable to equity holders of the parent			
Share capital	*15*	**3**	3
Share premium		**8,409**	8,409
Retained earnings		**(11,130)**	(11,130)
Total equity		**(2,718)**	(2,718)
Non-current liabilities			
Borrowings	*14*	**-**	2,144
Current liabilities			
Trade and other payables	*13*	**4,518**	1,404
Total liabilities		**4,518**	3,548
Total equity and liabilities		**1,800**	830

These financial statements were approved by the board of directors on 12 February 2010, authorised for issue and signed on their behalf by

J C DAVIS
Director

Statement of comprehensive income

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Administrative expenses		**(56)**	(124)
Development expenses		**(10,450)**	(5,482)
Result from operating activity	*4*	**(10,506)**	(5,606)
Finance income	*7*	**-**	4
Finance costs	*7*	**(47)**	(128)
Net finance costs		**(47)**	(124)
Profit/(loss) before tax		**(10,553)**	(5,730)
Tax credit	*8*	**10,553**	5,301
Profit/(loss) for the financial year and total comprehensive income for the year		**-**	(429)
Attributable to:			
Owners of the Company		**-**	(429)

Statement of changes in equity

For the year ended 31 December 2009

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2008	3	8,409	(10,701)	(2,289)
Total comprehensive income for the year	-	-	(429)	(429)
Balance at 31 December 2008 and at 1 January 2009	3	8,409	(11,130)	(2,718)
Total comprehensive income for the year	-	-	-	-
Balance at 31 December 2009	**3**	**8,409**	**(11,130)**	**(2,718)**

The accompanying notes form an integral part of these financial statements

Statement of cash flows

for year ended 31 December 2009

	Note	2009 £000	2008 £000
Cash flows from operating activities			
Profit/(loss) for the year		-	(429)
Adjustments for			
Net finance costs	*7*	47	124
Taxation charged/(credited)	*8*	(10,553)	(5,301)
		(10,506)	(5,606)
Changes in working capital			
Change in trade and other receivables	*11*	(1,066)	170
Change in trade and other payables	*13*	3,114	(553)
Cash generated from/(absorbed by) operations		(8,458)	(5,989)
Tax received		10,638	5,382
Net cash from/(used in) operating activities		2,180	(607)
Cash flows from investing activities			
Interest received	*7*	-	4
Net cash from investing activities		-	4
Cash flows from financing activities			
Interest paid		(47)	(128)
Increase in/(repayment of) loan	*14*	(2,144)	742
Net cash from/(used in) financing activities		(2,191)	614
Net increase/(decrease) in cash and cash equivalents		(11)	11
Cash and cash equivalents at 1 January		146	135
Cash and cash equivalents at 31 December	*12*	135	146

Notes

(forming part of the financial statements)

1. Reporting entity

Sterix Limited (the "Company") is a company incorporated in the UK The address of the Company's registered office is 190 Bath Road, Slough, Berkshire SL1 3XE The financial statements of the Company as at and for the year ended 31 December 2009 present information about the Company as a separate entity The Company is primarily involved in the research and development of new generation steroid-based products for the treatment of certain cancers as well as metabolic and endocrine-related disorders

2. Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") as they apply to the financial statements of the Company for the year ended 31 December 2009 and applied in accordance with the Companies Act 2006

The Company has adopted IAS1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009 This standard has been applied retrospectively The adoption of this standard does not affect the financial position or profits of the Company but gives rise to additional disclosures and introduces a "Statement of comprehensive income". The measurement and recognition of the Company's assets, liabilities, income and expenses is unchanged and so a statement of financial position at the beginning of the earliest comparative period, as required under IAS1 Presentation of Financial Statements (2007) in some circumstances, has not been presented in this year's financial statements as the position is unchanged from that previously published

The financial statements have been prepared on the historical cost basis except where indicated otherwise in note 3

The financial statements are presented in sterling, which is also the Company's functional currency, and rounded to the nearest thousand pounds ("£000"), except where indicated

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20

The Company is dependent on the ongoing support of its parent and associated companies, which will continue for the foreseeable future Accordingly, these financial statements have been prepared on a going concern basis

3 Principal accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the end of the financial year are translated at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the statement of comprehensive income

Intangible assets

Expenditure on research activities is recognised in the statement of comprehensive income as an expense when incurred

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads Other development expenditure is recognised in the statement of comprehensive income as an expense when incurred Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses

Patents and other intangible assets are recognised at their acquisition cost and stated at cost less accumulated amortisation and impairment losses

Notes *(continued)*

3. Principal accounting policies *(continued)*

Intangible assets (continued)

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each financial year end Patents are amortised over their useful period which does not exceed the period of protection Other intangible assets are amortised from the date they are available for use

Impairment

The carrying amounts of the Company's assets and deferred tax assets are reviewed at each financial year end to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount Impairment losses are recognised in the statement of comprehensive income

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Financial assets

Under IFRS 7, the Company's trade and other receivables are categorised as "Loans and receivables" as they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market The valuation method for this category of financial asset is "amortised cost" using the effective interest method, less any impairment provision For all current receivables "amortised cost" is effectively cost

The carrying values of the Company's financial assets are reviewed throughout the year to determine whether there is any indication of impairment If any such indication exists, an impairment loss is recognised to reduce the asset's carrying value to the estimated recoverable amount For receivables, this review is based on the latest information available and any financial assets that are substantially past due are also considered for impairment Any change in the value of financial assets is recognised in the statement of comprehensive income line item "finance costs" or "finance income", as appropriate

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

Notes *(continued)*

3. Principal accounting policies *(continued)*

Financial liabilities

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method For all current payables "amortised cost" is effectively cost

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument All interest-related charges and, if applicable, changes in an instrument's fair value are reported in the statement of comprehensive income line item "finance costs" or "finance income", as appropriate Interest arising on borrowings is expensed to the statement of comprehensive income in the year to which it relates

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the financial year, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The temporary differences relating to trading losses brought forward are not provided for to the extent that they will probably not reverse in the foreseeable future The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the financial year

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Equity

Equity comprises the following

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Retained earnings" represents retained profits

Standards in issue but not yet effective

The following accounting standards and interpretations are in issue but have not yet been adopted by the Company

- IFRS 9 Financial Instruments (effective 1 January 2013) *
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011) *
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IAS 39 Financial Instruments Recognition and Measurement - Eligible Hedged Items (effective 1 July 2009)
- Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1 January 2010) *
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010) *
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010) *
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011) *
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010) *
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

* not yet adopted by the EU

None of the standards listed above is expected to have a significant impact on the values presented in the Company's financial statements

Notes *(continued)*

4 Expenses

Included in profit/(loss) are the following

	2009 £000	2008 £000
Research and development expensed as incurred	10,450	5,482
Net foreign exchange losses	6	62

Auditor's remuneration:

	2009 £000	2008 £000
Fees payable to the Company's auditor for the audit of the annual financial statements	9	9

The Company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2009 The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements and was approved by the shareholders on 20 January 2010

5. Staff numbers and costs

The Company had no employees in the year 2009 (*2008 nil*)

6. Directors' emoluments

	2009 £000	2008 £000
Sums paid to third parties in respect of directors' services	64	459

7 Finance income and costs

	2009 £000	2008 £000
Interest income on bank accounts	-	4
Finance income	-	4
Interest expense for borrowings from related parties at amortised cost	47	128
Finance costs	47	128

Notes *(continued)*

8 Taxation

Recognised in the statement of comprehensive income

	2009 £000	2008 £000
Current tax expense/(income)		
Current year	**(10,624)**	(5,810)
Adjustment to prior years	**(14)**	428
	(10,638)	(5,382)
Deferred tax expense/(income)		
Origination and reversal of temporary differences	**85**	82
Impact of tax rate change on closing liability	**-**	(1)
	85	81
Total tax credit in statement of comprehensive income	**(10,553)**	(5,301)

Reconciliation of effective tax rate

	2009 £000	2008 £000
Profit/(loss) before tax	**(10,553)**	(5,730)
Tax using the effective UK corporation tax rate of 28% *(2008 28 5 %)*	**(2,955)**	(1,633)
Tax exempt revenues	**(55)**	(112)
Group relief	**(7,543)**	(3,983)
Impact of tax rate change on closing asset	**-**	(1)
Tax losses refunded for prior year	**-**	428
Total tax credit in statement of comprehensive income	**(10,553)**	(5,301)

There was no current or deferred tax charged or credited directly to equity in the year or comparative year

9 Intangible assets

	Patents		
	Cost £000	**Amortisation £000**	**Net book value £000**
Balance at 1 January 2008 and 31 December 2008	3,900	3,900	-
Balance at 1 January 2009 and 31 December 2009	3,900	3,900	-

Amortisation and impairment charge

No amortisation charge was recognised during the year in the statement of comprehensive income as all assets have been fully amortised

Notes *(continued)*

10 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities		Net	
	2009	2008	**2009**	2008	**2009**	2008
	£000	£000	**£000**	£000	**£000**	£000
Property, plant and equipment	**(216)**	(301)	**-**	-	**(216)**	(301)
Net tax liabilities/(assets)	**(216)**	(301)	**-**	-	**(216)**	(301)

Movement in deferred tax during the year

	1 January 2009 £000	**Recognised in income £000**	**31 December 2009 £000**
Property, plant and equipment	(301)	85	**(216)**

Movement in deferred tax during the prior year

	1 January 2008 £000	Recognised in income £000	31 December 2008 £000
Property, plant and equipment	(382)	81	(301)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

	2009 £000	2008 £000
Trading losses	**2,337**	2,337

Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom

Notes *(continued)*

11. Trade and other receivables

	2009 £000	2008 £000
Receivable from related party	**1,414**	-
Other receivables	**35**	119
Prepayments	**-**	264
	1,449	383

All receivables are short-term and the carrying value of trade receivables is considered a reasonable approximation of fair value

All of the trade and other receivables have been reviewed for indicators of impairment and no impairment losses were booked against receivables at the end of the year *(2008 £nil)* None of the trade receivables were past due as at the reporting date

12. Cash and cash equivalents

	2009 £000	2008 £000
Cash and cash equivalents per the statement of financial position and statement of cash flow	**135**	146

13 Trade and other payables

	2009 £000	2008 £000
Trade payables due to related parties	**3,957**	709
Other trade payables	**226**	186
Non-trade payables and accrued expenses	**335**	509
Current trade and other payables	**4,518**	1,404

All trade and other payables are short term and the carrying values are considered to be a reasonable approximation of fair value

14. Borrowings

	2009 £000	2008 £000
Non-current liabilities		
Loan from related parties at amortised cost	**-**	2,144

The loan from related parties is perpetual and the interest rate is set at 1 January each year at the current UK base rate plus 1% In 2009 interest was charged at the rate of 3% *(2008 6 5%)*

Notes *(continued)*

15 Share capital

	Ordinary shares 2009 Number	2008 Number
In issue at 1 January – fully paid	**64,968**	64,968
In issue at 31 December – fully paid	**64,968**	64,968

	2009 £000	2008 £000
Authorised		
Ordinary shares of 5p each	**5**	5
Allotted, called up and fully paid		
Ordinary shares of 5p each	**3**	3

16 Financial assets and liabilities

Fair value information

	2009 Fair value £000	2009 Carrying amount £000	2008 Fair value £000	2008 Carrying amount £000
Assets				
Trade and other receivables	**1,449**	**1,449**	383	383
Cash and cash equivalents	**135**	**135**	146	146
Liabilities				
Borrowings	**-**	**-**	2,144	2,144
Trade and other payables	**4,518**	**4,518**	1,404	1,404

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

Fair value measurement methods

Measurement methods for financial assets and liabilities accounted for at amortised cost are described below

The carrying amount of trade and other receivables, cash and cash equivalents and trade and other payables is considered a reasonable approximation of fair value

Borrowings fair value has been estimated at amortised cost

Notes *(continued)*

16. Financial assets and liabilities *(continued)*

Financial assets

	Loans and receivables	
	2009	2008
	£000	£000
Trade and other receivables	**1,449**	383
Cash and cash equivalents	**135**	146
	1,584	529

The Company's financial assets are all current and are classified as loans and receivables under IAS 39 and are held at amortised cost

Financial liabilities

	Other financial liabilities	
	2009	2008
	£000	£000
Borrowings	-	2,144
Trade and other payables	**4,518**	1,404
	4,518	3,548

The Company's financial liabilities are all current and are classified as other financial liabilities under IAS 39 and are held at amortised cost

17. Commitments

At 31 December 2009 there were no capital commitments that required disclosure in the Company's financial statements *(2008 £nil)*

There were no annual operating lease commitments under non-cancellable operating leases at 31 December 2009 *(2008 £nil)*

At 31 December 2009 the Company had commitments under a service agreement with Imperial College The commitment under this contract totalled £44,000 *(2008 £1,336,558)*

18. Contingent liability

During the year the decision was taken not to renew a development agreement with the University of Bath for the development of steroid and steroid-related therapeutics resulting in the crystallising of the contingent liability of £1 2m detailed in the prior year's financial statements This amount is recognised in the 2009 financial statements At 31 December 2009 there were no contingent assets or liabilities that required disclosure in the Company's financial statements

Notes *(continued)*

19 Related parties

Parent companies

During the year the Company incurred expenses of £40,000 *(2008 £40,000)* from parent companies In addition, the Company sold tax losses of £10,638,000 *(2008 £5,382,000)* to its parent company

At the year end there was £1,414,000 owed by the parent company *(2008 nil)*

Other group companies

During the year the Company incurred expenses of £8,896,000 *(2008 £2,638,000)* from other group companies and was charged interest of £47,000 *(2008 £128,000)* on loans from other group companies

At the year end the following amounts were due from/(to) other group companies

	2009 £000	2008 £000
Trade amounts due to other group companies	**(3,957)**	(709)
Non-current loan	-	(2,144)

All trading transactions with related parties are on commercial terms and at arms length value Tax losses are sold to related companies at the rate of £1 per £1 of trading tax loss, including the effect of timing differences

20. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Company's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below

All accounting estimates that are used in preparing the financial statements are consistent with internal budgets and forecasts Judgements are based on information available at each statement of financial position date Although these estimates are based on the best information available to management, actual results may ultimately differ from those estimates

Research and development accruals

The value of accrued research and development costs at the year end involves estimates based on the project manager's assessment of the amount of work done by the research institute in the period since the last invoice, in conjunction with the finance team

Taxation

The Company estimates tax liabilities for undetermined years Any differences arising between the final tax liability and the amounts recorded in the financial statements will impact on the tax charge in the year in which the determination is made

21. Principal risks and uncertainties

Having examined the Company's principal activity, the directors consider that the main risks arising from research and development of pharmaceuticals are risk of research and development failure and liquidity risk The directors review and agree policies for managing all such risks, which are summarised below These policies have remained unchanged in the current and prior financial periods

Notes *(continued)*

21 Principal risks and uncertainties *(continued)*

Research and development failure

The ultimate cost and success of any research and development programme is uncertain but the Company prepares budgets, plans and forecasts to monitor actively progress during each programmes Should the directors conclude that clinical or financial success is not achievable within the resources available to the Company, such programmes would be halted or amended in order to minimise costs The programmes would then be reassessed

22 Financial risk management objectives and policies

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and liquidity risks The Company's risk management is coordinated at its premises, in close co-operation with the board of directors and with the Ipsen SA group to which it belongs, and focuses on actively securing the Company's short to medium term cash flows by minimising exposure to financial markets The most significant financial risks to which the Company is exposed are described below

Exchange rate risk

All of the Company's R&D activity is conducted via overseas group companies and is denominated in US dollars and Euros Any funding of foreign currency or hedging required is dealt with by the group's treasury function, in conjunction with local management

Foreign currency denominated financial liabilities, translated into sterling at the closing rate, are as follows

Nominal amounts	**2009** Euro £000	**2009** USD £000	2008 Euro £000	2008 USD £000
Financial liabilities	**4,062**	**270**	479	16

The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Company's financial liabilities, the euro to UK sterling exchange rate and the US dollar to UK sterling exchange rate

The tables assume a +/-5% change of the sterling/euro exchange rate for the year ended at 31 December 2009 *(2008 24%)* A +/-12% change is included for the sterling/US dollar exchange rate *(2008 26%)* Both of these percentages have been determined based on the average market volatility in exchange rates in the previous twelve months The sensitivity analysis is based on the Company's foreign currency financial instruments held at each statement of financial position date

If sterling had strengthened against the euro and US dollar by 5% *(2008 24%)* and 12% *(2008 26%)* respectively, this would have had the following impact

	2009 Euro £000	**2009** USD £000	2008 Euro £000	2008 USD £000
Net result for the year and impact on equity	**183**	**29**	92	3

If sterling had weakened against the euro and US dollar by 5% *(2008 24%)* and 12% *(2008 26%)* respectively, this would have had the following impact

	2009 Euro £000	**2009** USD £000	2008 Euro £000	2008 USD £000
Net result for the year and impact on equity	**(201)**	**(37)**	(151)	(6)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk

Notes *(continued)*

22. Financial risk management objectives and policies *(continued)*

Interest rate risk

The Company is part of a group pooling arrangement with other group companies whereby excess funds are lent to or deficits borrowed from other group companies Rates of interest are set with reference to the market rates ruling in the lender's country, which exposes the Company to changes in market interest rates At 31 December 2009, the Company did not have any borrowing from group companies However during the year the Company was supported by a loan from another group company and this is subject to variable interest rates as detailed in note 14

Credit risk analysis

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the financial year, as detailed in note 16 In respect of trade and other receivables, the Company is not exposed to any significant credit risk with any single counterparty or any group of counterparties having similar characteristics as these balances principally comprise intra-group balances and amounts recoverable for UK VAT It is Company policy to ensure that all amounts receivable are paid on time and the Company's management consider that the financial assets are not impaired for each of the reporting dates under review and are of good credit quality

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

None of the Company's financial assets are secured by collateral or other credit enhancements

Liquidity risk analysis

The Company does not generate any income from sales of pharmaceutical products but it achieves cash inflows from the sale of tax losses to other group companies In the event that this arrangement was to cease or such cash inflows were not sufficient to meet its obligations, the Company would require additional financial support from its parent company

The Company manages its liquidity needs by carefully monitoring payments for long-term financial liabilities as well as cash outflows due in day-to-day business Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection The Company works in conjunction with the group treasury department to maintain its cash to meet its liquidity requirements and the directors expect financial support from the Company's parent company to continue

23. Ultimate parent company and parent company of larger group

The Company's ultimate parent company is Mayroy SA, which is incorporated in Luxemburg Mayroy SA heads the largest group in which the results of the Company are consolidated The smallest group in which they are consolidated is that headed by Ipsen SA, which is incorporated in France The consolidated financial statements of Ipsen SA are available to the public and may be obtained from 65 quai Georges Gorse, 92100 Boulogne-Billancourt, France