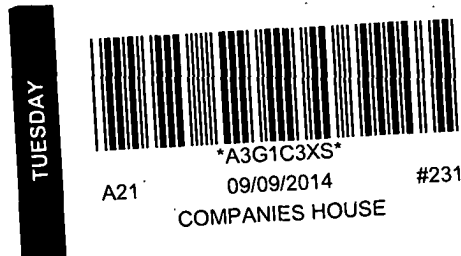


Sterix Limited

Directors' report and financial statements

31 December 2013

Registered number 03337831



Strategic report

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.

Financial overview

The Company is engaged in the research and development of pharmaceuticals for the treatment of human disease.

Financial performance

Financial performance for the year was as follows:

	2013 £000	2012 £000	Change £000	%
Development expenses	283	291	(8)	(2.7%)
Loss before tax	453	452	1	0.2%

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. Development costs remained constant in the year with a minor reduction of 2.7% in comparison to 2012 (2012: increase of 97%) reflecting the lower level of run-out costs following the decision to discontinue the endometrial cancer study in 2011.

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.

	2013	2012	Method of calculation
Change in research and development costs (%)	(3)	(97)	Year-on-year research and development costs expressed as a percentage
Loss for the year after tax	-	-	Year-on-year loss for the year after tax
Net interest bearing debt	7,223	7,382	Net debt at the end of the financial year

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.

Principal risks and uncertainties

The directors consider that the main risks that the Company is exposed to are the risk of research and development failure and financial 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. However, other risks and uncertainties of which the Company is not aware may also have an impact on its business, financial situation or results.

Strategic report *(continued)*

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 re-assessed.

Financial risk management objectives and policies

The Company is exposed to financial risk; principally to currency risk, interest rate risk and liquidity risk, which result from both its operating and borrowing activities. 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 the exposure to financial markets. The most significant financial risks to which the Company is exposed are described below.

Exchange rate risk

A high proportion of the Company's transactions are in euros. Funding of foreign currency is managed by the Ipsen SA group's treasury function, in conjunction with local management.

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. At 31 December 2013, the Company is exposed to changes in market interest rates through its borrowing from group companies, which are subject to the variable interest rates as detailed in note 13.

Credit risk

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the financial year. 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 and cash flow risk

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 Ipsen SA group's treasury department to maintain its cash to meet its liquidity requirements and the directors expect financial support from the Ipsen SA group to continue.

Strategic report *(continued)*

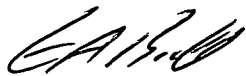
Principal risks and uncertainties *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity and cash flow risk (continued)

The directors, having assessed the responses of the directors of the Company's parent company 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.

By order of the board



E A Booth
Secretary

Registered office:
190 Bath Road
Slough
Berkshire
SL1 3XE

Date: 10 February 2014

Company registration number 03337831

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

Directors

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

E A Booth (appointed 1 July 2013)
J C Davis (resigned 30 June 2013)
C De La Tour

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 (2012: £nil).

Strategic report

The following details are disclosed within the Strategic report:

- The Company's financial risk management objectives and policies;
- The Company's exposure to liquidity and cash flow risk;
- Details of the Company's research and development activities;

Political contributions

The Company made no political contributions during the year.

Auditor

The Company is not obliged to reappoint its auditor annually and Constantin will therefore continue in office.

Statement of directors' responsibilities

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"). 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 the affairs and profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs 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.

Directors' report (*continued*)

Statement of directors' responsibilities (*continued*)

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 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 each of the directors is 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.

~~This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.~~

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and accordingly the auditors accept no responsibility for the information published there. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



E A Booth
Secretary

Registered office:
190 Bath Road
Slough
Berkshire
SL1 3XE

Date: 10 February 2014

Company registration number 03337831

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 2013 which comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows 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 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 and express an opinion on 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

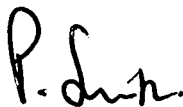
Opinion on other matter prescribed by the Companies Act 2006

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
- the financial statements are not in agreement with the accounting records or 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.



Peter Smith FCA (Senior Statutory Auditor)
for and on behalf of Constantin
Chartered Accountants and Statutory Auditor
London, United Kingdom

Dated: 10 February 2014

Statement of financial position

at 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Non-current assets			
Intangible assets	9	-	-
Deferred tax assets	8	71	102
		<hr/>	<hr/>
		71	102
		<hr/>	<hr/>
Current assets			
Trade and other receivables	10	124	364
Cash and cash equivalents	11	59	234
		<hr/>	<hr/>
		183	598
		<hr/>	<hr/>
Total assets		254	700
		<hr/> <hr/>	<hr/> <hr/>
Equity attributable to owners of the company			
Share capital	14	3	3
Share premium		8,409	8,409
Retained earnings		(15,563)	(15,563)
		<hr/>	<hr/>
Total equity		(7,151)	(7,151)
		<hr/>	<hr/>
Non-current liabilities			
Borrowings	13	7,223	7,471
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	12	182	380
		<hr/>	<hr/>
Total liabilities		7,405	7,851
		<hr/>	<hr/>
Total equity and liabilities		254	700
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 10 February 2014, authorised for issue and signed on their behalf by:



E A Booth
Director

Company registration number 03337831

The accompanying notes form an integral part of these financial statements

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Continuing operations			
Administrative expenses		(49)	(49)
Development expenses		(283)	(291)
Other operating gains and losses		(12)	-
		<hr/>	<hr/>
Result from operating activity	<i>4</i>	(344)	(340)
Net finance costs	<i>7</i>	(109)	(112)
		<hr/>	<hr/>
Loss before tax		(453)	(452)
Tax credit	<i>8</i>	453	452
		<hr/>	<hr/>
Loss for the financial year and total comprehensive income for the year		<hr/> - <hr/>	<hr/> - <hr/>
Attributable to:			
Owners of the Company		<hr/> - <hr/>	<hr/> - <hr/>

The accompanying notes form an integral part of these financial statements

Statement of changes in equity
for the year ended 31 December 2013

	Share capital £000	Share premium £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2012 and at 31 December 2012	3	8,409	(15,563)	(7,151)
	<u>3</u>	<u>8,409</u>	<u>(15,563)</u>	<u>(7,151)</u>
Balance at 1 January 2013 and at 31 December 2013	3	8,409	(15,563)	(7,151)
	<u>3</u>	<u>8,409</u>	<u>(15,563)</u>	<u>(7,151)</u>

The accompanying notes form an integral part of these financial statements

Statement of cash flows
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Cash flows from operating activities			
Loss for the year		-	-
<i>Adjustments for:</i>			
Net finance costs	7	109	112
Taxation credited	8	(453)	(452)
		<hr/> (344)	<hr/> (340)
<i>Changes in working capital</i>			
Change in trade and other receivables	10	151	3,020
Change in trade and other payables	12	(170)	(4,147)
		<hr/>	<hr/>
Cash absorbed by the operations		(363)	(1,467)
Tax received		484	497
		<hr/>	<hr/>
<i>Net cash from operating activities</i>		121	(970)
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received	7	-	2
Funds repaid by/(lent to) group companies	10	89	(89)
		<hr/>	<hr/>
<i>Net cash from/(used in) investing activities</i>	9	89	(87)
		<hr/>	<hr/>
Cash flows from financing activities			
Net interest paid		(137)	(111)
(Decrease)/increase in loan	13	(248)	1,304
		<hr/>	<hr/>
<i>Net cash from financing activities</i>		(385)	1,193
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(175)	136
Cash and cash equivalents at 1 January		234	98
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	11	59	234
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes from an integral part of these financial statements

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 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 adopted by the EU"), the Companies Act 2006 that applies to companies reporting under IFRS, and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

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

The financial statements are presented in UK 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 19.

The Company is dependent on the on-going 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 transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

Intangible assets

Expenditure on research activities is recognised in the statement of profit or loss and other 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 profit or loss and other comprehensive income as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Licence rights, software licences and other intangible assets that are acquired by the Company are 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 profit or loss and other 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 statement of financial position date. Licence rights and associated development costs are carried at cost, subject to impairment review, and amortised from the date of issue of marketing approval. Other intangible assets are amortised from the date they are available for use.

Impairment

The carrying amounts of the Company's assets, inventories and deferred tax assets are reviewed at each statement of financial position date 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 profit or loss and other 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 loans, 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.

Notes (continued)

3. Principal accounting policies (continued)

Financial assets (continued)

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 profit or loss and other 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.

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 terms of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value are reported in the statement of profit or loss and other comprehensive income line item "finance costs" or "finance income", as appropriate. Interest arising on borrowings is expensed to the statement of profit or loss and other 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 profit or loss and other 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 statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on material 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 investments in subsidiaries 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 statement of financial position date.

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.

Notes (continued)

3. Principal accounting policies (continued)

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:

- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- Investment entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- IFRS 9 Financial Instruments (postponed)*
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (postponed)*

* 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.

4. Expenses

Included in the loss are the following expenses:

	2013 £000	2012 £000
Research and development expensed as incurred	283	291
Net foreign exchange losses	12	-
Fees payable to the Company's auditor for the audit of the annual financial statements	5	5
	<hr/>	<hr/>

The Company has entered into a liability limitation agreement with Constantin, the Company's statutory auditor.

5. Staff numbers and costs

The Company had no employees in the year 2013 (2012: nil).

6. Directors' emoluments

There were no sums paid in respect of directors' services in the year 2013 (2012: nil).

7. Net finance costs

	2013 £000	2012 £000
Interest expense for borrowings from related parties at amortised cost	109	114
Interest income from related parties on financial assets carried at amortised cost	-	(2)
	<hr/>	<hr/>
Net finance costs	109	112
	<hr/>	<hr/>

Notes (continued)

8. Taxation

Recognised in the statement of profit or loss

	2013 £000	2012 £000
<i>Current tax income</i>		
Current year	484	497
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(25)	(35)
Impact of tax rate change on closing asset	(6)	(10)
	(31)	(45)
Total tax credit in the statement of profit or loss and other comprehensive income	453	452

Reconciliation of effective tax rate

	2013 £000	2012 £000
Profit/(loss) before tax	(453)	(452)
Tax using the effective UK corporation tax rate of 23.25% (2012: 24.5%)	(105)	(111)
Group relief	(354)	(351)
Impact of tax rate change on closing asset	6	10
Total tax charge/(credit) in the statement of profit or loss	(453)	(452)

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

Recognised deferred tax assets are attributable to the following:

	2013 £000	Assets 2012 £000
Property, plant and equipment	(71)	(102)

Movement in deferred tax during the year

	1 January 2013 £000	Recognised in income £000	31 December 2013 £000
Property, plant and equipment	(102)	31	(71)

Notes *(continued)*

8. Taxation *(continued)*

Movement in deferred tax during the prior year

	1 January 2012	Recognised in income	31 December
	£000	£000	2012 £000
Property, plant and equipment	(147)	45	(102)
	<u> </u>	<u> </u>	<u> </u>
Unrecognised deferred tax assets		2013	2012
		£000	£000
Deferred tax assets have not been recognised in respect of the following items:			
Trading losses		2,752	2,752
		<u> </u>	<u> </u>

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

9. Intangible assets

	Cost £000	Patents Amortisation £000	Net book value £000
Balance at 1 January 2012 and 31 December 2012	3,900	3,900	-
	<u> </u>	<u> </u>	<u> </u>
Balance at 1 January 2013 and 31 December 2013	3,900	3,900	-
	<u> </u>	<u> </u>	<u> </u>

Amortisation and impairment charge

No amortisation charge was recognised during the year in the statement of profit or loss and other comprehensive income.

10. Trade and other receivables

	2013 £000	2012 £000
Receivables from related party	123	270
Other receivables	1	5
Loans due from related parties	-	89
	<u> </u>	<u> </u>
	124	364
	<u> </u>	<u> </u>

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

The interest rate on loans for overseas companies is based on the LIBOR three-month rate. In 2013 the average rate of interest charged was 1.02% (2012: 0.77%).

All of the other 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 (2012: £nil). None of the trade receivables were past due as at the reporting date.

Notes (continued)

11. Cash and cash equivalents

	2013 £000	2012 £000
Cash and cash equivalents per the statement of financial position and statement of cash flow	59	234
	<u>59</u>	<u>234</u>

12. Trade and other payables

	2013 £000	2012 £000
Trade payables due to related parties	70	269
Non-trade payables and accrued expenses	85	83
Interest due to related parties	27	28
	<u>182</u>	<u>380</u>
Current trade and other payables	182	380
	<u>182</u>	<u>380</u>

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

13. Borrowings

	2013 £000	2012 £000
<i>Non-current liabilities</i>		
Unsecured loans from related parties at amortised cost	7,223	7,471
	<u>7,223</u>	<u>7,471</u>

Loans from related parties are perpetual. The interest rate on UK loans is set at 1 January each year at the current UK base rate plus 1%. In 2013 interest was charged at the rate of 1.5% (2012: 1.5%).

14. Share capital

	Ordinary shares 2013 Number	2012 Number
In issue at 1 January and 31 December – fully paid	64,968	64,968
	<u>64,968</u>	<u>64,968</u>
	2013 £000	2012 £000
<i>Authorised</i>		
Ordinary shares of 5p each	5	5
	<u>5</u>	<u>5</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares at 5p each	3	3
	<u>3</u>	<u>3</u>

Notes (continued)

15. Financial assets and liabilities

Fair value information

	2013		2012	
	Fair value	Carrying amount	Fair value	Carrying amount
	£000	£000	£000	£000
Assets				
Trade and other receivables	124	124	364	364
Cash and cash equivalents	59	59	234	234
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Borrowings	7,223	7,223	7,471	7,471
Trade and other payables	182	182	380	380
	<hr/>	<hr/>	<hr/>	<hr/>

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.

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.

Financial assets	Loans and receivables	
	2013	2012
	£000	£000
Trade and other receivables	124	364
Cash and cash equivalents	59	234
	<hr/>	<hr/>
	183	598
	<hr/>	<hr/>

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	
	2013	2012
	£000	£000
Borrowings	7,223	7,471
Trade and other payables	182	380
	<hr/>	<hr/>
	7,405	7,851
	<hr/>	<hr/>

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

Notes (continued)

16. Commitments

There were no contracted capital commitments at 31 December 2013 (2012: £nil).

There were no annual operating lease commitments under non-cancellable operating leases at 31 December 2013 (2012: £nil).

At 31 December 2013 the Company had no commitments under a service agreement (2012: £nil).

17. Contingent liability

At 31 December 2013 there were no contingent assets or liabilities that required disclosure in the Company's financial statements (2012: £nil).

18. Related parties

Parent companies

During the year the Company was charged net interest of £nil (2012: £3,000) by parent companies.

At the year end the following amounts were due from/(to) parent companies:

	2013 £000	2012 £000
<i>Current</i>		
Trade amounts due from parent companies	21	-
Loans receivable from parent companies	-	89
	<u>21</u>	<u>89</u>

Other group companies

During the year the Company incurred expenses of £138,000 (2012: £57,000) from other group companies and was charged interest of £109,000 (2012: £109,000) on loans from other group companies. In the current year the Company sold £484,000 of tax losses (2012: £497,000) to other group companies.

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

	2013 £000	2012 £000
<i>Current</i>		
Trade amounts due from other group companies	102	270
	<u>102</u>	<u>270</u>
<i>Non - current</i>		
Borrowings from other group companies	(7,223)	(7,471)
	<u>(7,223)</u>	<u>(7,471)</u>
<i>Current</i>		
Trade amounts due to other group companies	(70)	(269)
Interest payable to other group companies	(27)	(28)
	<u>(97)</u>	<u>(297)</u>

All trading transactions with related parties are on commercial terms and at arm's 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.

Notes (continued)

19. 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 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 in conjunction with the finance team of the amount of work done by the research institute in the period since the last invoice.

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.

20. Financial risk sensitivities

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk and liquidity risks. 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 primarily 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 assets and liabilities, translated into sterling at the closing rate, are as follows.

	2013	2012
	Euro	Euro
	£000	£000
Financial liabilities	62	269

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 +/-2% change of the sterling/euro exchange rate for the year ended at 31 December 2013 (2012: 2%). This percentage has 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.

Notes (continued)

20. Financial risk sensitivities (continued)

Exchange rate risk (continued)

If sterling had strengthened against the euro by 2% (2012: 2%) this would have had the following impact:

	2013 Euro £000	2012 Euro £000
Net result for the year and impact on equity	1	5

If sterling had weakened against the by 2% (2012: 2%) this would have had the following impact:

	2013 Euro £000	2012 Euro £000
Net result for the year and impact on equity	(2)	5

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.

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. At 31 December 2013, the Company is exposed to changes in UK market interest rates through its borrowing from group companies, which are subject to the variable interest rates as detailed in note 13.

Although UK interest rates have remained stable over the past few years, the following table illustrates the sensitivity of the net result for the year and equity to a potential change in UK interest rates of +/-0.5% (2012: +/-0.5%), with effect from the beginning of the year. The calculations are based on the Company's financial instruments held at each statement of financial position date. All other variables are held constant.

	2013 +0.5% £000	2013 -0.5% £000	2012 +0.5% £000	2012 -0.5% £000
Net result for the year and impact on equity	(36)	36	(37)	37

21. Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company's goal in capital management is to maintain a debt to equity ratio of less than 2:1. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Notes (continued)

21. Capital management policies and procedures (continued)

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarised as follows:

	2013 £000	2012 £000
Total equity	(7,151)	(7,151)
Loans to related parties	-	89
Borrowings from related parties	(7,223)	(7,471)
Net total debt	(7,223)	(7,382)
Debt to equity ratio	1.0	1.0

22. Ultimate parent company and parent company of larger group

The Company's immediate parent company and controlling party is Ipsen Developments Limited. The Company's ultimate parent company and controlling party is Beech Tree SA, which is incorporated in Luxembourg.

Beech Tree SA heads the largest group in which the results of the Company are consolidated. The smallest group in which the results of the Company 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.

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