

BioWisdom Limited
Annual report
for the year ended 31 December 2005

Registered Number 3861669



BioWisdom Limited

Annual report for the year ended 31 December 2005

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BioWisdom Limited

Directors and advisers

Directors

Dr B J Price (Chairman)

Dr G S Baxter (Chief Executive)

Dr A J M Richards

Mr R M Pettigrew

Dr J R Gonzalez

Dr J Barnes

Mr K A Olisa

Mrs S D Lowther

Secretary and Registered Office

Mrs S D Lowther

Harston Mill

Harston

Cambridge

CB2 5GG

Auditors

PricewaterhouseCoopers LLP

Abacus House

Castle Park

Cambridge

CB3 0AN

Bankers

Lloyds TSB Bank plc

3 Sidney Street

Cambridge

CB2 3HQ

BioWisdom Limited

Directors' report for the year ended 31 December 2005

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2005.

Principal activity, review of business and future developments

BioWisdom's principal business activity has remained the development and provision of Intelligence NetworksTM to the healthcare industry.

In the year under review, BioWisdom has continued to expand its customer base, and secured deals with seven major pharmaceutical companies. Turnover was £0.7million (2004: £1.1million), which was derived from products and services provided with new and existing customers. Projects with these customers include further contracted revenue to be recognised in 2006.

Additional scientific and technical staff were recruited in the year to support customer projects, and are reflected in the average headcount of 25 for the year compared to 19 in the prior year.

In April 2006, BioWisdom acquired Lion Bioscience Limited, the bioinformatics business of Lion Bioscience AG, and the SRS suite of data integration products.

Results and dividends

The net loss of the year was £1.4million (2004: £0.7million).

The profit and loss for the year is set out on page 6. The directors do not recommend the payment of a dividend.

Research and development

BioWisdom continues to develop innovative technologies that improve the quality and transparency of information, which is reflected in the research and development expenditure for the year of £0.9million (2004: £0.9million)

Events since the balance sheet date

On 4 April 2006, BioWisdom acquired the entire share capital of Lion Bioscience Limited and its subsidiary Lion Bioscience Asset Vehicle Inc. The total consideration is up to EUR 4 million, to be paid over a period of eighteen months from the acquisition date.

Directors' interests in shares

The Directors of the Company who served during the year ended 31 December 2005, together with their interests in the shares of the Company at 31 December 2005 and at 31 December 2004 are listed below.

BioWisdom Limited

Directors' report for the year ended 31 December 2005 (continued)

Directors' interests in shares (continued)

	Ordinary shares of £0.01 each		Preferred Ordinary shares of £0.01 each	
	At 31 December 2005 Number	At 31 December 2004 Number	At 31 December 2005 Number	At 31 December 2004 Number
Executive :				
Dr G S Baxter	20,000	20,000	1,119	1,119
Dr J Barnes	-	-	1,051	1,051
Mrs S D Lowther	-	-	252	252
Non Executive :				
Dr B J Price	6,095	6,095	-	-
Dr J R Gonzalez	-	-	-	-
Mr R M Pettigrew	6,095	6,095	559	559
Dr A J M Richards	6,095	6,095	456	456
Mr K A Olisa	-	-	-	-

Directors' interests in share options

Directors hold options over ordinary shares of £0.01 each, as listed below:

	At 1 January 2005 Number	Granted during the year Number	At 31 December 2005 Number	Exercise price	Exercisable between
Dr G S Baxter	393	-	393	£31.52	20 March 2003-14 November 2011
	3,021	-	3,021	£0.10	16 December 2005-15 December 2013
	3,860	-	3,860	£0.10	18 June 2006-17 June 2014
	-	3,300	3,300	£0.01	See note 1
	7,274	3,300	10,574		
Dr J Barnes	1,500	-	1,500	£31.52	15 November 2003-14 November 2011
	2,560	-	2,560	£0.10	16 December 2005-15 December 2013
	4,510	-	4,510	£0.10	18 June 2006-17 June 2014
	-	1,600	1,600	£0.01	See note 1
	8,570	1,600	10,170		
Mrs S D Lowther	6,000	-	6,000	£15.00	23 December 2006-22 December 2014
	-	2,500	2,500	£0.01	See note 1
	6,000	2,500	8,500		
Dr B J Price	410	-	410	£0.10	18 June 2006-17 June 2014
Dr A J M Richards	770	-	770	£0.10	18 June 2006-17 June 2014
Mr R M Pettigrew	410	-	410	£0.10	18 June 2006-17 June 2014
Mr K A Olisa	410	-	410	£0.10	18 June 2006-17 June 2014

Note 1: The share options may only be exercised as follows:

- In respect of half of the options granted to each employee, when the market capitalisation of the company is more than or equal to £20million but less than £25million and
- In respect of half of the options granted to each employee when the market capitalisation of the company is more than or equal to £25million.

These options expire on 7 December 2015.

BioWisdom Limited

Directors' report for the year ended 31 December 2005 (continued)

Directors' interests in share options (continued)

All options were granted for nil consideration.

Other than as shown above, no Director had any interest in the shares of the Company at 31 December 2005 or during the year.

Charitable and political donations

BioWisdom made charitable donations of £300 during the year (2004: £400) in support of events raising funds for leukaemia research (2004: cystic fibrosis, £300, Cambridge Breast Unit, £100). The Company made no political donations during the year (2004: £nil).

Financial risk management

The Directors have taken the exemption available to small companies not to disclose the financial risk management policies of the Company.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year to 31 December 2005 and that applicable accounting standards have been followed.

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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



S D Lowther
Secretary

BioWisdom Limited

Independent auditors' report to the shareholders of BioWisdom Limited

We have audited the financial statements of BioWisdom Limited for the year ended 31 December 2005 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

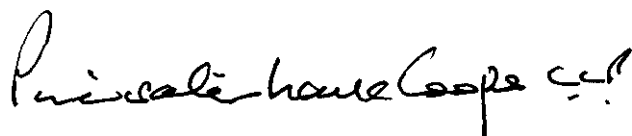
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Cambridge

26 October 2006.

BioWisdom Limited

Profit and loss account for the year to 31 December 2005

	Note	2005 £	2004 £
Turnover	2	720,840	1,081,041
Cost of sales		(587,002)	(322,418)
Gross profit		133,838	758,623
Research and development expenditure		(944,222)	(858,262)
Administrative and selling expenses		(827,677)	(658,815)
Operating loss		(1,638,061)	(758,454)
Interest receivable and similar income		95,318	68,675
Interest payable and similar charges	6	(8,192)	-
Loss on ordinary activities before taxation	3	(1,550,935)	(689,779)
Tax credit on loss on ordinary activities	7	126,705	-
Loss for the financial year	17, 18	(1,424,230)	(689,779)

All activities arise from continuing operations.

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

BioWisdom Limited

Balance sheet as at 31 December 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	127,521	147,572
Investments	9	1	1
		127,522	147,573
Current assets			
Debtors	10	425,145	148,089
Short-term investments	11	1,300,000	2,792,066
Cash at bank and in hand		259,971	245,044
		1,985,116	3,185,199
Creditors: amounts falling due within one year	12	(668,596)	(504,844)
Net current assets		1,316,520	2,680,355
Total assets less current liabilities		1,444,042	2,827,928
Creditors: amounts falling due after one year	13	(39,426)	-
Net assets		1,404,616	2,827,928
Capital and reserves			
Called up share capital	15	3,389	3,389
Share premium account	17	6,721,211	6,720,293
Profit and loss account	17	(5,319,984)	(3,895,754)
Shareholders' funds	18	1,404,616	2,827,928

The financial statements on pages 6 to 20 were approved by the Board of Directors on 26th October 2006 and were signed on its behalf by:

S. D. Lowther

S D Lowther
Director

BioWisdom Limited

Notes to the financial statements for the year ended 31 December 2005

1. Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Basis of accounting

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash flow statement

The Company has taken advantage of the exemption available to small companies under Financial Reporting Standard ('FRS') 1 (revised 1996) 'Cash flow statements' not to prepare a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office equipment, fixtures and fittings	25-33% per annum
Computer equipment	33% per annum
Leasehold improvements	33-50% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Short-term investments

Deposits which are not repayable on demand are treated as short-term investments.

Deferred taxation

Full provision is made for deferred taxation in accordance with FRS19 'Deferred tax' on all material timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Research and development

All research and development expenditure is charged to the profit and loss account as the costs are incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1. Principal accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a *straight-line* basis over the lease term. Benefits, such as lower rental payments in the first year of the lease, received or receivable as incentives to take on operating leases are spread on a straight-line basis over the period to the first break clause in the lease.

Assets held under sale and finance leaseback agreements

Assets held under sale and leaseback agreements, in which the new commercial substance of the underlying agreements is considered to be a secured loan, and that confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciated over their useful economic lives. The capital element of the leasing commitment is recorded as a liability and is shown as obligations due under finance leases. The lease rental payments are treated as consisting of both a *capital and interest element*. The capital element is applied to reduce the outstanding obligations under the leasing commitments and the interest element is charged to the profit and loss account over the period of the agreement.

Pension scheme

The Company operates a defined contribution group personal pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Employee share scheme

In accordance with the provisions of Urgent Issues Task Force Abstract 17 ("Employee Share Schemes"), the Company makes charges to the profit and loss account when options are granted, the charge being the market value of the shares at the date of grant less the exercise price of the options. The charge is then credited back to reserves in accordance with the Abstract. The Directors consider that the fair value of the shares at the time the options were granted on 8 December 2005 was £15.00. No charge has been made during the year as options were either granted with an exercise price of £15.00 or have performance conditions that were considered unlikely to have been met at the year end.

Turnover

Turnover comprises income received from the sale of products and services, which are stated net of VAT and other sales related taxes.

The terms of the agreements typically include a non-refundable platform licence and/or *technology access fee* together with the provision of associated services including technical and scientific consultancy, support, training and technology transfer. A description of the different elements of turnover and the related accounting policies which have been applied are given below however, in principle, revenue is recognised to the extent that the product or service has been delivered or earned in the period.

Non-refundable licence fees

Non-refundable licence fees for standard products which are not modified to meet the specific requirements of each customer and for which there is no ongoing future commitment are recognised when the product is delivered and accepted by the customer.

Where a licence is granted to proprietary products or software as part of a fixed term agreement, the revenue is recognised over the period to which the licence relates.

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1. Principal accounting policies (continued)

Turnover (continued)

Technology access fees

Technology access fees are recognised over the service period or the period of the licence term.

Services

Amounts received for services provided are recognised over the period in which the service is provided and for projects containing project milestones, revenue is recognised on a percentage-to-completion basis as milestones are achieved.

Revenue for ongoing technical support is recognised on a straight-line basis over the period for which support and maintenance is provided.

Where agreements involve multiple elements, the total revenue from such agreements has been allocated to each of the individual elements based on each element's fair value. Evidence of fair value is determined by reference to other agreements where elements are sold separately.

Cost of sales

Cost of sales comprises the direct costs associated with sales. Costs incurred, not directly attributable to a sale, are included within operating expenses.

2. Turnover

Turnover by geographical destination is as follows:

	2005	2004
	£	£
United Kingdom	136,245	131,250
North America	112,173	949,791
Europe	470,994	-
Japan	1,428	-
	720,840	1,081,041

BioWisdom Limited

3. Loss on ordinary activities before taxation

	2005	2004
	£	£
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- Owned assets	35,692	40,757
- Under finance lease	30,337	-
Auditors' remuneration for audit services	10,500	8,250
Auditors' remuneration for non audit services	3,580	4,250
Foreign exchange (gain)/loss	(21,929)	17,539
Profit on disposal of fixed assets	-	(1,106)
Operating lease charges – land and buildings	80,660	56,206
Operating lease charges – plant and machinery	363	363

4. Directors' emoluments

The aggregate emoluments of the Directors of the Company are set out below:

	2005	2004
	£	£
Aggregate emoluments in respect of qualifying services	426,000	341,853
Company contributions to money purchase pension schemes	14,100	8,525
Sums paid to third parties for Directors' services	15,000	18,214
	455,100	368,592

There were three Directors (2004: three) who were members of the money purchase BioWisdom Group Personal Pension Scheme operated by the Company during the period, two of whom (2004: two) received contributions into their plan during the period.

Highest paid director	2005	2004
	£	£
Aggregate emoluments	135,000	125,050

BioWisdom Limited

5. Employee information

The average monthly number of persons (including executive Directors) employed by the Company during the period was:

	2005 Number	2004 Number
By activity		
Scientific and technical	19	13
Sales and business development	1	2
Administration	5	4
	25	19

	2005 £	2004 £
Staff costs (for the above persons)		
Wages and salaries	1,362,245	1,093,090
Social security costs	164,868	131,624
Pension costs (see note 20)	55,698	36,983
	1,582,811	1,261,697

6. Interest payable and similar charges

	2005 £	2004 £
Interest payable on finance lease	8,044	-
Other interest payable	148	-
	8,192	-

BioWisdom Limited

7. Taxation

	2005	2004
	£	£
UK research and development tax credit at 16% (2004: UK corporation tax at 30%)		
Current	71,574	-
Adjustment in respect of previous period – R&D tax credit	55,131	-
Total current tax credit	126,705	-

No corporation tax liability arises on the results for the period due to the loss incurred.

At 31 December 2005 there were tax losses available to carry forward of £3,917,907 (2004: £3,059,163) subject to agreement by the Inland Revenue.

The value of the UK corporation tax charge for the year does not equal the value that would be produced by applying the research and development tax credit rate of 16% (2004: UK corporation tax rate of 30%) to the loss before tax for the year. The differences are explained below:

	2005	2004
	£	£
Loss on ordinary activities before tax	1,550,935	689,779
Loss on ordinary activities before tax multiplied by the rate for research and development tax credits of 16% (2004: UK corporation tax of 30%)	248,150	206,934
Effects of:		
Expenses not deductible for tax purposes	20,139	29,021
Carry forward of tax losses	(192,469)	(245,134)
Difference between capital allowances and depreciation	(3,566)	10,651
Other short term differences	(680)	(1,472)
Adjustment to tax credit in respect of previous period	55,131	-
Total current tax credit	126,705	-

BioWisdom Limited

8. Tangible fixed assets

	Computer equipment	Leasehold improvements	Office equipment, fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 2005	196,916	37,154	40,696	274,766
Additions	36,275	1,487	8,216	45,978
Disposals	(9,569)	-	-	(9,569)
At 31 December 2005	223,622	38,641	48,912	311,175
Depreciation				
At 1 January 2005	116,061	4,278	6,855	127,194
Charge for the year	39,633	12,960	13,436	66,029
Disposals	(9,569)	-	-	(9,569)
At 31 December 2005	146,125	17,238	20,291	183,654
Net book value				
At 31 December 2005	77,497	21,403	28,621	127,521
At 31 December 2004	80,855	32,876	33,841	147,572

The net book values of tangible fixed assets secured under sale and financing leaseback agreements (see note 13) included in the above balances for the Company are as follows:

	2005	2004
	£	£
Leasehold improvements	21,050	-
Office equipment, fixtures and fittings	20,592	-
Computer equipment	13,085	-
	54,727	-

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9. Investments

	2005	2004
	£	£
Cost and net book value at 31 December	1	1

The Company owns 100% of the common stock of BioWisdom Corporation, a company incorporated in Delaware, USA, on 25 September 2001. BioWisdom Corporation did not trade in the year to 31 December 2005.

10. Debtors

	2005	2004
	£	£
Amounts falling due within one year		
Trade debtors	245,769	79,048
Other debtors	36,949	23,719
Corporation tax recoverable	71,574	-
Prepayments and accrued income	70,853	45,322
	425,145	148,089

11. Short-term investments

	2005	2004
	£	£
Sterling cash deposits placed on money market	1,300,000	2,792,066

12. Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	156,994	115,649
Obligations under finance leases	32,737	-
Other taxation and social security	52,958	59,622
Other creditors	23,591	10,780
Accruals and deferred income	402,316	318,793
	668,596	504,844

13. Creditors: amounts falling due after one year

	2005	2004
	£	£
Obligations under finance leases	39,426	-

The Company has finance lease obligations repayable as follows:

	2005	2004
	£	£
Within one year	32,737	-
Between two and five years	39,426	-
	72,163	-

On 4 February 2005, the Company entered into two agreements to borrow a total of £99,088 secured on certain tangible fixed assets (see note 8). The Company is repaying the amount borrowed over thirty-six months.

The first lease over assets costing £38,263 carries an effective interest rate of 15.5% and at the end of the thirty-six month period, the Company will own the assets.

The second lease over assets costing £60,825 carries an effective interest rate of 15.5%. There is a secondary rental term of indefinite length whereby the company will pay a rental of £275 per annum.

As the directors consider the commercial substance of the transactions to be a secured loan, no adjustments have been made to the carrying value of the tangible fixed assets and they continue to be depreciated over their useful economic lives. The proceeds have been accounted for as a liability shown as "obligations under finance leases" with the interest element charged to the profit and loss account over the period of the agreement.

14. Deferred taxation

The potential deferred tax asset in respect of cumulative losses has not been recognised in these financial statements, as there is no immediate prospect of these being utilised. The losses are available to be carried forward indefinitely under current tax law.

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14. Deferred taxation (continued)

The Company had potential deferred tax (liabilities)/assets as follows:

	Amounts recognised 2005 £	Amounts not recognised 2005 £	Amounts recognised 2004 £	Amounts not recognised 2004 £
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	-	(15,194)	-	(17,198)
Losses	-	1,175,372	-	917,749
Short-term timing differences	-	5,792	-	4,265
	-	1,165,970	-	904,816

15. Called up share capital

	2005 £	2004 £
Authorised		
100,000,000 (2004: 100,000,000) Ordinary shares of £0.01 each	1,000,000	1,000,000
200,000,000 (2004: 200,000,000) Preferred Ordinary shares of £0.01 each	2,000,000	2,000,000
	3,000,000	3,000,000
Allotted, called up and fully paid		
63,639 (2004: 63,639) Ordinary shares of £0.01 each	636	636
275,288 (2004: 275,288) Preferred Ordinary shares of £0.01 each	2,753	2,753
	3,389	3,389

Class rights

The Company has in issue two classes of shares: Ordinary shares of £0.01 each and Preferred Ordinary shares of £0.01 each.

Preferred Ordinary shares rank pari passu with Ordinary shares and are freely transferable. Transfers of Ordinary shares require the consent of all the members of the Company.

Dividend rights

All shares rank pari passu in all respects as to dividends and in respect of the amount payable.

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15. Called up share capital (continued)

Return of capital

On a return of capital, Preferred Ordinary shareholders shall receive an amount equal to the higher of a) one times the subscription price paid for them for each Preferred Ordinary share then held together with a sum equal to all accrued, unpaid dividends to be calculated to the date of the return of capital and to be payable irrespective of whether or not the Company has sufficient profits available for distribution and whether or not such dividends have been declared or earned, and b) the pro rata proportion of the amount to be distributed to which the holders of the Preferred Ordinary shares would be entitled, as if the Preferred Ordinary shares had been converted into Ordinary shares at the conversion price then applying.

The remaining assets of the Company available for distribution among the shareholders (if any such assets remain) shall be distributed among the Ordinary shareholders *pro rata* to their holdings of fully paid up Ordinary shares.

In the event of a listing each Preferred Ordinary Share will automatically convert into one Ordinary Share immediately prior to the listing. If the price per share at which shares are sold or offered to be sold, is less than the price paid at the time of the last issue of shares, additional Ordinary shares *pro rata* to the amount subscribed will be issued.

Voting rights

Each shareholder shall have one vote for each share held at general meetings of the Company.

16. Share options

Total share options existing over the Ordinary shares of £0.01 each in the Company are summarised below:

Date granted	Exercise price £	Period when exercisable	Number of shares
20 March 2001	31.52	20 March 2003 to 19 March 2011	3,420
15 November 2001	31.52	15 November 2003 to 14 November 2011	3,671
16 December 2003	0.10	16 December 2005 to 15 December 2013	17,000
18 June 2004	0.10	18 June 2006 to 17 June 2014	18,656
23 December 2004	15.00	23 December 2006 to 22 December 2014	9,000
8 December 2005	15.00	8 December 2007 to 7 December 2015	1,547
8 December 2005	0.01	See note 1	9,000
Total			62,294

Note 1: The share options may only be exercised as follows:

- In respect of half of the options granted to each employee, when the market capitalisation of the company is more than or equal to £20million but less than £25million and
- In respect of half of the options granted to each employee when the market capitalisation of the company is more than or equal to £25million.

These options expire on 7 December 2015.

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16. Share options (continued)

Reconciliation of movements in share options	Number of options
At 1 January 2005	55,350
Options granted during the year	10,547
Options lapsed in the year	(3,603)
At 31 December 2005	62,294

17. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2005	6,720,293	(3,895,754)
Loss for the financial year	-	(1,424,230)
Issue costs relating to share issue in 2004	918	-
At 31 December 2005	6,721,211	(5,319,984)

18. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Opening shareholders' funds	2,827,928	1,250,391
Loss for the financial year	(1,424,230)	(689,779)
Net proceeds of issue of shares	-	2,267,316
Issue costs relating to share issue in 2004	918	-
Closing shareholders' funds	1,404,616	2,827,928

19. Capital commitments

At 31 December 2005, there were no capital commitments contracted for but not provided for in the financial statements (2004: £nil).

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20. Pension commitments

The Company operates a defined contribution pension scheme, the BioWisdom Group Personal Pension Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Details of contributions for the period are given in note 5. At 31 December 2005, there were outstanding contributions totalling £6,371 (2004: £5,465).

21. Operating lease commitments

At 31 December 2005, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2005 £	Other 2005 £	Land and buildings 2004 £	Other 2004 £
Within one year	-	213	-	-
Between two and five years	87,371	-	69,626	363

22. Related party transactions

During the year, the Company incurred costs of £10,500 (2004: £12,855) in respect of expenses incurred by Croggan Ltd, a company of which Dr A Richards (Director) is a director, of which £nil was outstanding at 31 December 2005 (2004: £1,782).

During the year, the Company incurred costs of £296 (2004: £1,205) in respect of expenses incurred by Alice Ventures SRL, a company to which Dr J Gonzalez (Director) consults, of which £nil was outstanding at 31 December 2005 (2004: £nil).

During the year, the Company incurred costs of £1,296 (2004: £904) in respect of meeting room hire and expenses incurred by Merlin Biosciences Limited, a company which holds a 32% (2004: 32%) shareholding in BioWisdom Limited at 31 December 2005, of which £nil was outstanding at the year end (2004: £nil).

23. Events since the balance sheet date

On 4 April 2006, BioWisdom acquired the entire share capital of Lion Bioscience Limited and its subsidiary Lion Bioscience Asset Vehicle Inc., for a total cash consideration of up to EUR 4 million, to be paid over a period of eighteen months from the acquisition date.

24. Ultimate controlling party

The Directors consider that at 31 December 2005, there was no ultimate controlling party.