Grant Thornton

Financial statements Asterion Limited

For the Year Ended 31 July 2008

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Company No. 4129500

Company information

Company registration number	4129500
Registered office	SUEL Offices The Innovation Centre 217 Portobello SHEFFIELD S1 4DP
Directors	Prof R J M Ross Mr D Milroy Mr M Moore
Secretary	Mr R M Birtles
Bankers	National Westminster Bank plc
Solicitors	Keeble Hawson
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 2 Broadfield Court SHEFFIELD S8 0XF

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 July 2008.

Principal activities and business review

The company is principally engaged in the research and development into and marketing of biotechnology including collaborative research and development with third parties.

There was a loss for the year after taxation amounting to £548,961 (2007: loss for the year of £209,334). The directors do not recommend payment of a dividend.

Financial risk management objectives and policies

The company uses financial instruments other than derivatives comprising borrowings, cash and other liquid resources that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are liquidity risk and interest rate risk.

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk
The company finances its operations through a mixture of retained earnings, intercompany accounts and bank borrowings. The company's exposure to interest rate fluctuations is managed on a group basis by the use of both fixed and floating facilities.

Directors

The directors who served the company during the year were as follows:

Prof J R Sayers
Prof P J Artymiuk
Prof R J M Ross
Dr P Grant
Mr D M Lawrence
Dr K Bryett

Mr D M Lawrence resigned as a director on 16 April 2008.
Dr K Bryett resigned as a director on 20 May 2008.
Mr D Milroy was appointed as a director on 11 February 2009.
Mr M Moore was appointed as a director on 11 February 2009.
Prof J R Sayers resigned as a director on 11 February 2009.
Prof P J Artymiuk resigned as a director on 11 February 2009.
Dr P Grant resigned as a director on 11 February 2009.

Indemnity insurance

The company has purchased third party indemnity insurance for the directors during the year.

Directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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;
- 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 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.

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 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.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Prof R J M Ross
Director
6 March 2009

Grant Thornton

Report of the independent auditor to the members of Asterion Limited

We have audited the financial statements of Asterion Limited for the year ended 31 July 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of opinion

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

Report of the independent auditor to the members of Asterion Limited (continued)

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 July 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure in note 1 to the financial statements concerning the company's ability to continue as a going concern. Based on their current forecasts, the directors believe that the company requires further funding of £200,000 to continue in operation for the period from the date of this report to 6 March 2010. There is an agreement in place in respect of this funding but it is subject to the company meeting certain conditions. It is not certain as to whether or not these conditions will be met. This indicates a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments which would result if the company were unable to continue as a going concern.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
16 March 2009

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The accounts have been prepared on the going concern basis as further disclosed in note 1.

The principal accounting policies of the company have remained unchanged from the previous year, and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced for services provided during the year exclusive of Value Added Tax.

Research and development

Research and development expenditure is charged to profits in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Plant & Machinery	-	33 1/3%
Computer Equipment	-	33 1/3%

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2008 £	2007 £
Turnover	2	**96,978**	212,866
Cost of sales		**(259,102)**	(216,929)
Gross loss		**(162,124)**	(4,063)
Other operating charges	3	**(361,608)**	(200,877)
Operating loss	4	**(523,732)**	(204,940)
Interest receivable		**3,759**	6,952
Interest payable and similar charges	6	**(28,988)**	(11,346)
Loss on ordinary activities before taxation		**(548,961)**	(209,334)
Tax on loss on ordinary activities	7	**–**	–
Loss for the financial year	14	**(548,961)**	(209,334)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	**791**	1,868
Current assets			
Debtors	9	**34,163**	68,720
Cash at bank		**16,835**	174,551
		50,998	243,271
Creditors: amounts falling due within one year	10	**(81,092)**	(173,246)
Net current (liabilities)/assets		**(30,094)**	70,025
Total assets less current liabilities		**(29,303)**	71,893
Creditors: amounts falling due after more than one year	11	**(761,684)**	(313,919)
		(790,987)	(242,026)
Capital and reserves			
Called-up equity share capital	13	**10,952**	10,952
Share premium account	14	**544,048**	544,048
Profit and loss account	14	**(1,345,987)**	(797,026)
Deficit	15	**(790,987)**	(242,026)

These financial statements were approved and signed by the directors and authorised for issue on 6 March 2009 and are signed on their behalf by.

Prof R J M Ross

Notes to the financial statements

1 Basis of preparation

These financial statements have been prepared on the going concern basis, which assumes that the company will continue in operation for the foreseeable future. The directors have produced forecasts for the period until 6 March 2010. These forecasts show a requirement for further funding of £200,000 to continue the company's operations for this period. There is an agreement in place in respect of this funding but it is subject to the company meeting certain conditions. It is not certain as to whether or not these conditions will be met, however the directors are confident that the conditions will be met.

On this basis, the directors consider that it is appropriate for the accounts to be prepared on the going concern basis. The accounts do not include any adjustments that would result should the company be unable to raise sufficient funding.

2 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	**96,978**	212,866

3 Other operating charges

	2008	2007
	£	£
Administrative expenses	**361,608**	200,877

4 Operating loss

Operating loss is stated after charging:

	2008	2007
	£	£
Depreciation of owned fixed assets	**1,077**	1,542
Auditor's remuneration:		
Audit fees	**1,600**	2,065

5 Directors and employees

No salaries or wages have been paid to employees, including the directors, during the year.

6 Interest payable and similar charges

	2008	2007
	£	£
Other similar charges payable	**28,988**	11,346

7 Taxation on ordinary activities

Analysis of charge in the year

No provision has been made for the deferred taxation on trading losses carried forward. The total amount unprovided for is approximately £371,517 (2007: £218,960). At present, it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2007 - 19%).

	2008	2007
	£	£
Loss on ordinary activities before taxation	**(548,961)**	(209,334)
Loss on ordinary activities by rate of tax	**(115,282)**	(41,867)
Capital allowances in excess of depreciation	**318**	(58)
Unused tax losses carried forward	**141,610**	63,617
Tax chargeable at lower rates	**(183)**	-
Expenses not deductible for tax purposes	**572**	-
Research and development tax relief	**(27,035)**	(21,692)
Total current tax	**-**	-

8 Tangible fixed assets

	Plant & Machinery	Equipment	Total
	£	**£**	**£**
Cost			
At 1 August 2007 and 31 July 2008	20,422	3,346	23,768
Depreciation			
At 1 August 2007	18,847	3,053	21,900
Charge for the year	826	251	1,077
At 31 July 2008	19,673	3,304	22,977
Net book value			
At 31 July 2008	**749**	**42**	**791**
At 31 July 2007	1,575	293	1,868

9 Debtors

	2008	2007
	£	£
Trade debtors	–	58,218
Other debtors	17,170	10,165
Prepayments and accrued income	16,993	337
	34,163	68,720

10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	28,498	35,228
Amounts owed to associates	20,920	100,925
Accruals and deferred income	31,674	37,093
	81,092	173,246

11 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Amounts owed to White Rose Technology Limited	343,778	313,919
Amounts owed to associates	417,906	–
	761,684	313,919

The amount owed to White Rose Technology Limited represents a loan which is repayable in January 2009 inclusive of a maximum interest charge of 7.5% of the loan upon repayment.

12 Related party transactions

At 31 July 2008 the company owed White Rose Technology Limited, a 44% shareholder in Asterion Ltd, £343,778 (2007: £313,919).

During the year the company purchased consultancy services totalling £15,477 (2007: £13,018) from Silenicus Management Consultancy in respect of Dr K Bryett a director of Asterion Limited. At 31 July 2008 the company owed Silenicus Management Consultancy £1,558 (2007: £3,580).

During the year the company purchased consultancy services totalling £6,220 (2007: £nil) from Muir and Stuart Consulting Ltd in respect of David Lawrence, a former director of Asterion Limited. At 31 July 2008 the company owed Muir and Stuart Consulting Ltd £nil (2007: £nil).

During the year, the company purchased services to the value of £8,315 (2007: £5,871) from Fusion IP Sheffield Limited (formerly Biofusion Trading Limited), a 38% shareholder in Asterion Ltd. At 31 July 2008 the company owed Fusion IP Sheffield Limited £nil (2007: £666)

During the year, the company purchased services to the value of £389,949 (2007: £201,979) from the University of Sheffield. At 31 July 2008, the company owed the University of Sheffield £ 26,914 (2007: £96,671)

During the year, the company purchased services to the value of £14,301 (2007: £11,823) from Sheffield University Enterprises Limited. At 31 July 2008, the company owed Sheffield University Enterprises Limited £1,398 (2007: £3,588).

13 Share capital

Authorised share capital:

	2008 £	2007 £
1,000,000 Ordinary shares of £0.10 each	**100,000**	100,000
1 White Rose preference shares of £1 each	**1**	1
	100,001	100,001

Allotted, called up and fully paid:

	2008 No	2008 £	2007 No	2007 £
Ordinary shares of £0.10 each	**109,513**	**10,951**	109,513	10,951
White Rose preference shares of £1 each	**1**	**1**	1	1
	109,514	**10,952**	109,514	10,952

13 Share capital (continued)

White Rose preference share

The White Rose preference share is a non-equity share which carries no entitlement to a dividend. The holder of the White Rose preference share has one more vote than the total number cast by all other members of the company upon default by Asterion Limited in the repayment of any monies or loans due to White Rose Technology Limited. The White Rose preference shareholder has the right to receive the sum of £1 in preference of any repayment of capital on the ordinary shares upon winding up of the company.

Contingent rights to the allotment of shares

The company has granted options to certain directors and employees in respect of 10,950 £0.10 ordinary shares at £21.50 per share, exercisable up to 10 years after the date of grant. 3,648 may not be exercised before 12 May 2009; the balance have already vested. At the year end the number of options remaining unexercised was 10,950.

14 Reserves

	Share premium account £	Profit and loss account £
At 1 August 2007	**544,048**	**(797,026)**
Loss for the year	**–**	**(548,961)**
At 31 July 2008	**544,048**	**(1,345,987)**

15 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Loss for the financial year	**(548,961)**	(209,334)
Opening shareholders' deficit	**(242,026)**	(32,692)
Closing shareholders' deficit	**(790,987)**	(242,026)

16 Capital commitments

The company had no capital commitments at 31 July 2008 or at 31 July 2007.

17 Post balance sheet events

On 11 February 2009 Asterion Ltd signed loan agreements with Fusion IP (Sheffield) Limited and White Rose Technology Limited. Each of these loan agreements provides for £75,000 receivable immediately, and £100,000 receivable in July 2009, conditional on the directors having confidence that significant funding will be received before the end of December 2009. The directors are confident of this condition being met, and therefore consider the going concern assumption to be appropriate.

18 Contingent liabilities

There were no contingent liabilities at 31 July 2008 or at 31 July 2007.