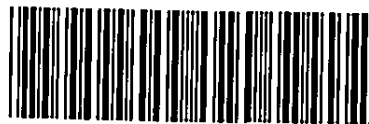


Registered number 04663322

Photopharmica (Holdings) Limited
Abbreviated financial statements
for the year ended 31 July 2008

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Photopharmica (Holdings) Limited

Abbreviated financial statements for the year ended 31 July 2008

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Photopharmica (Holdings) Limited

Directors and advisers for the year ended 31 July 2008

Directors

S B Brown

S J Lyon

IP21PO Services Limited (resigned 7 August 2007)

Company secretary

S J Lyon

Company number

04663322

Registered office

103 Clarendon Road

Leeds

West Yorkshire

LS2 9DF

Independent auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

Leeds

West Yorkshire

LS1 4JP

Bankers

Lloyds TSB Bank plc

Park Row

Leeds

PO Box 1000

BX1 1LT

Photopharmica (Holdings) Limited

Independent auditors' report to the directors of Photopharmica (Holdings) Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements set out on pages 3 to 9, together with the financial statements of Photopharmica (Holdings) Limited for the year ended 31 July 2008 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with those provisions and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the company's directors for the purpose of Section 247B 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.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements have been properly prepared in accordance with those provisions.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

26 November 2008


Photopharmica (Holdings) Limited

Balance sheet as at 31 July 2008

	Note	2008 £	2007 £
Fixed assets			
Investments	1	276,806	276,806
Current assets			
Debtors		11,663,338	5,046,259
Cash at bank and in hand		-	743,186
		11,663,338	5,789,445
Creditors: amounts falling due within one year		(5,000)	(421,959)
Net current assets		11,658,338	5,367,486
Total assets less current liabilities		11,935,144	5,644,292
Creditors: amounts falling due after more than one year	2	-	6,073,495
Capital and reserves			
Called up share capital	3	3,793	1,130
Share premium account		12,303,148	93,365
Profit and loss account		(371,797)	(523,698)
Total shareholders funds/(deficit)		11,935,144	(429,203)
		11,935,144	5,644,292

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated financial statements on pages 3 to 9 were approved by the board of directors on 24 November 2008 and were signed on its behalf by:


S J Lyon
Director

Photopharmica (Holdings) Limited

Accounting policies

The following accounting policies have been applied in respect of the full annual financial statements.

Accounting convention

The financial statements have been prepared on the going concern basis, under the United Kingdom historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, which the directors have adopted within that convention and which have been consistently applied throughout the year, are set out below.

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at acquisition cost, less provision to reduce the carrying value to its estimated recoverable amount where, in the opinion of the directors, there has been an impairment.

Consolidation

The company's directors have taken advantage of the exemption in section 248(1) of the Companies Act 1985 from the need to prepare consolidated financial statements, on the basis that Photopharmica Limited and Photopharmica (Holdings) Limited represent a small sized group. Consequently these financial statements present information about Photopharmica (Holdings) Limited as an individual undertaking only.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Photopharmica (Holdings) Limited

Notes to the abbreviated financial statements for the year ended 31 July 2008

1 Investments

	£
Cost and net book value	
At 1 August 2007 and 31 July 2008	276,806

The company's subsidiary undertakings are:

Name	Country of registration	Principal activity	Shares held	Proportion held
Photopharmica Limited	England	Research and development of human therapeutic products.	Ordinary	100%

Photopharmica Limited made a loss in the year ended 31 July 2008 (2007: loss) and as at 31 July 2008 had net liabilities of £6,653,090 (2007: £5,055,043). In the opinion of the directors, given the nature of the business and the fact that its products still in development, no provision against the cost of investment is required.

Photopharmica (Holdings) Limited

Notes to the abbreviated financial statements for the year ended 31 July 2008 (continued)

2 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Preference share capital	-	1,448,600
Loans	-	4,624,895
	-	6,073,495

The loans were repayable to a shareholder, IP Group plc. Included within the loan stock balance at 31 July 2007 was rolled-up interest of £553,993.

On the 2 May 2003, 1,448,600 Redeemable Preference shares of £1 each were issued at par.

The rate of dividend of the redeemable preference shares is 0.1p per share, accruing from the date of subscription and payable annually in arrears on the anniversary date of subscription. All the redeemable preference shares shall be redeemed on the earliest of:

- a) the seventh anniversary of the date of subscription of the Preference Shares; or
- b) the date of a sale or listing; or
- c) the date of a change of control; or
- d) the date upon which the loan becomes repayable.

The company shall pay an amount equal to the original subscription price of each preference share for each preference share redeemed. At the same time it shall pay any arrears or accruals of the preference share dividend calculated to the date of redemption.

On 20 December 2007 all preference shares were redeemed and the proceeds used to subscribe to ordinary share capital of the company (see note 3).

On 20 December 2007 all outstanding loan balances were converted into ordinary share capital of the company (see note 3).

Photopharmica (Holdings) Limited

Notes to the abbreviated financial statements for the year ended 31 July 2008 (continued)

3 Called up share capital

	2008	2007
	£	£
Authorised		
Nil (2007: 990,000) Ordinary shares of £0.01 each	-	9,900
1,459,100,000 (2007: nil) Ordinary shares of £0.001 each	1,459,100	-
Nil (2007: 100,000) A Ordinary shares of £0.001 each	-	100
900,000 (2007: nil) A1 Ordinary shares of £0.001 each	900	-
Nil (2007: 1,450,000) Preference shares of £1 each	-	1,450,000
	1,460,000	1,460,000

	2008	2007
	£	£
Allotted, called up and fully paid		
Nil (2007: 103,576) Ordinary shares of £0.01 each	-	1,036
2,197,608 (2007: nil) Ordinary shares of £0.001 each	2,918	-
Nil (2007: 94,055) A Ordinary shares of £0.001 each	-	94
875,282 (2007: nil) A1 Ordinary shares of £0.001 each	875	-
	3,793	1,130

On 20 December 2007 the following changes were made to the authorised share capital of the company:

- Each of the 1,450,000 redeemable preference shares of £1 each was subdivided into 1,000 preference shares of £0.001 each. Each of the 1,450,000,000 redeemable preference shares of £0.001 each, were redesignated as A ordinary shares of £0.001 each and were subsequently renamed as ordinary shares.
- Each of the 990,000 ordinary shares of £0.001 each was subdivided into 10 A ordinary shares of £0.001 each.
- All the A ordinary shares of £0.001 each were redesignated as ordinary shares of £0.001.
- 900,000 of the ordinary shares were redesignated as A1 ordinary shares of £0.001 each.

Photopharmica (Holdings) Limited

Notes to the abbreviated financial statements for the year ended 31 July 2008 (continued)

3 Called up share capital (continued)

On 20 December 2007 all of the issued share capital of the company was subdivided and redesignated as described above in relation to the authorised share capital. In addition the following changes were made in the called up share capital of the company:

- A bonus issue of 846,495 ordinary shares of £0.001 was made to the holders of the 94,055 A ordinary shares of £0.001 before the reorganisation. The £847 nominal value of the bonus issue has been transferred from the share premium account.
- The issued preference shares with rolled up preference dividends and the loans with rolled up interest were fully converted into 941,308 ordinary shares of £0.001 each. The premium on conversion of £6,451,660 has been included within the share premium account.
- 875,282 A1 ordinary shares of £0.001 each were allotted for consideration of £6,000,000.

The rights attaching to authorised shares at 31 July 2008 are as follows:

The ordinary and A1 ordinary shares rank *pari passu* with respect to rights to dividend income and voting.

On a return of capital or assets on a liquidation, reduction of capital or otherwise the surplus assets and/or funds of the company remaining after payment of its liabilities and legally available to the shareholders by reason of their ownership of A1 ordinary shares and/or A ordinary shares, shall be applied in the following manner

- a) first in paying to each A1 ordinary shareholder an amount equivalent to the aggregate original subscription price of the A1 ordinary shares held by such A1 ordinary shareholder equal to £6,000,000, together with a sum equal to any arrears of dividend on those A1 ordinary shares.
- b) second and only after the preference amount is fully paid up, in paying to the ordinary shareholders an aggregate amount equal to £20,000,000 in proportion to the ordinary shares held by them at the time of such payment, together with a sum equal to any arrears and accruals of dividends.
- c) third and only after the amount referred to in (b) above is fully paid up, in paying shareholders *pro rata* as if they constituted one and the same class.

The rights attaching to authorised shares at 31 July 2007 were as follows:

The rate of dividend of the A Ordinary shares (participating dividend) is 15% of net profit, accruing from the sixth anniversary of the completion date and will be payable annually in arrears.

The profits of the company available for distribution will be first used to pay dividends to the holders of the preference shares and then to pay dividends to the holders of the A ordinary shares.

No dividend shall be payable on the ordinary shares in respect of any financial year unless on the proposed payment date the following conditions are satisfied:

Photopharmica (Holdings) Limited

Notes to the abbreviated financial statements for the year ended 31 July 2008 (continued)

3 Called up share capital (continued)

- a) the preference dividend and the participating dividend in respect of that financial year and in respect of all previous financial years of the company have been paid in full; and
- b) there are no arrears of any other dividends; and
- c) all preference shares which have fallen for redemption have been redeemed; and
- d) the holders of 75% of the A ordinary shares have first given their written consent.

On the winding up of the company the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

- a) first in paying to the holders of the Preference Shares an amount equal to the subscription price paid per Preference Share together with a sum equal to any arrear or accruals of the Preference Dividend calculated down to the date of the return of capital;
- b) second in paying to the holders of A Ordinary shares an amount equal to the subscription price paid per A Ordinary Share together with a sum equal to any arrears of accruals of the Participating Dividend calculated down to the date of return of capital;
- c) third in paying to the holders of Ordinary shares an amount equal to the subscription price paid per ordinary share; and
- d) the balance of the assets shall be distributed amongst the holders of the A Ordinary Shares and the Ordinary Shares (equally as if they were one class of shares) in proportion to the A Ordinary Shares and Ordinary Shares held by them respectively.

The voting rights attached to the A Ordinary shares and ordinary shares is one vote per share held. The redeemable shares do not carry any voting rights.