

**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

Annual report and financial statements

For the year ended 30 June 2012



**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

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**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H E Evans
M P Evans
H Wendt

COMPANY SECRETARY

M P Evans

REGISTERED OFFICE

20-22 Bedford Row
London
WC1R 4JS

BANKERS

National Westminster Bank plc
Strand Branch
PO Box 414
38 Strand
London
WC2H 5JB

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

ADEPTIO PHARMACEUTICALS LIMITED (FORMERLY ADEPTIO LIMITED)

DIRECTORS REPORT

The directors present their annual report and the audited financial statements of Adeptio Pharmaceuticals Limited, "the company", for the year ended 30 June 2012

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

PRINCIPAL ACTIVITIES

The company's principal activity is that of pharmaceutical research

DIRECTORS

The current directors of the company, who served throughout the financial year and up to the date of signing the financial statements, are shown below

H E Evans - appointed 22 November 2011

M P Evans - appointed 11 November 2011

H Wendt - appointed 22 November 2011

I Montague - appointment terminated 16 January 2013

RESULTS AND DIVIDENDS

The company's loss for the financial year was £1,006,899 (2011 £Nil) No dividend on ordinary shares was declared in the year (2011 £Nil)

CHANGE OF NAME

On 10 February 2012, the name of the company was changed to Adeptio Pharmaceuticals Limited

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company does not maintain liability insurance for its directors and officers

**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

DIRECTORS REPORT

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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 the case of each director in office at the date the Directors' report is approved, the following applies

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

INDEPENDENT AUDITORS

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

By order of the Board



M P Evans
Company Secretary

Date. 27th March 2013.

**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADEPTIO
PHARMACEUTICALS LIMITED**

We have audited the financial statements of Adeptio Pharmaceuticals Limited for the year ended 30 June 2012, which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matter

The financial statements for the period ended 30 June 2011, forming the corresponding figures of the financial statements for the year ended 30 June 2012, are unaudited.

**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADEPTIO
PHARMACEUTICALS LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Christopher Boreham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2012

	Note	2012 £	Unaudited eight month period to 30 June 2011 £
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Distribution costs		-	-
Administrative expenses		(903,252)	-
		(903,252)	-
OPERATING LOSS		(903,252)	-
Interest receivable and similar income	3	14,525	-
Interest payable and similar charges	4	(118,172)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(1,006,899)	-
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	15	(1,006,899)	-

All activities derive from continuing operations

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)

BALANCE SHEET
As at 30 June 2012

	Note	2012 £	Unaudited 2011 £
FIXED ASSETS			
Tangible assets	8	<u>1,023</u>	<u>-</u>
CURRENT ASSETS			
Debtors	9	41,848	1
Cash at bank and in hand		<u>1,658,203</u>	<u>-</u>
		1,700,051	1
CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(342,006)</u>	<u>-</u>
NET CURRENT ASSETS		<u>1,358,045</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,359,068</u>	<u>1</u>
CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	<u>(2,363,434)</u>	<u>-</u>
NET (LIABILITIES)/ASSETS		<u><u>(1,004,366)</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	2,533	1
Profit and loss account	14	<u>(1,006,899)</u>	<u>-</u>
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	15	<u><u>(1,004,366)</u></u>	<u><u>1</u></u>

The financial statements on pages 6 to 14 were approved by the board of directors on 27 March 2013 and were signed on its behalf by



Mark P. Evans
Director

Adeptio Pharmaceuticals Limited
Company registration number 07060603

**NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012**

1 ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the financial year, are described below.

Tangible fixed assets and depreciation

The cost of fixed assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Fixed assets are stated on the balance sheet at cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset less its residual value over its estimated useful life.

Computers - 33% straight line

Deferred tax

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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Sales of goods are recognised at the point of invoice.

Foreign currency

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 transaction. Exchange differences are taken into account in arriving at the operating result.

ADEPTIO PHARMACEUTICALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 June 2012

2. DIRECTORS AND EMPLOYEES

	2012 £	unaudited 2011 £
Directors' emoluments		
Aggregate emoluments	177,000	-
Company contributions to defined contribution scheme	-	-
	<u>177,000</u>	<u>-</u>
Highest paid director		
Aggregate emoluments	125,000	-
Company contributions to defined contribution scheme	-	-
	<u>125,000</u>	<u>-</u>

There were no employees other than directors

**Average monthly number of persons employed
(including executive directors)**
Administration

Number 2	Number 1
-------------	-------------

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	unaudited 2011 £
Gains on translation of foreign currencies	14,525	-
	<u>14,525</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	unaudited 2011 £
Cumulative Preference Share dividend	118,172	-
	<u>118,172</u>	<u>-</u>

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012 £	unaudited 2011 £
Loss on ordinary activities before taxation is stated		
After charging		
Total salary expense (note 2)	197,633	-
Depreciation of tangible assets - owned assets (note 7)	98	-
Services provided by the company's auditor		
Fees payable for the audit	10,000	-
Fees for other work	4,750	-
	<u>212,481</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 June 2012

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2012 £	unaudited 2011 £
(i) Analysis of tax charge for year		
Current tax		
United Kingdom corporation tax at 24.5%	-	-
Deferred tax (note 11)		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

(ii) Factors affecting current tax charge for year

During the year, as a result of the change in the UK main corporation tax rate to 24% that was substantively enacted on 29 March 2012 and that will be effective from 1 April 2012, and to 23% that was substantively enacted on 3 July 2012 and will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 22% from 1 April 2014. The change has not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

A claim will be made for a Research & Development Tax Credit for the year. In connection with this claim, losses will be surrendered in exchange for a cash payment of approximately £80,000.

The tax assessed for the year is higher (2011: the same) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2012 of 24.5% (2011: 26.5%). The differences are explained below:

	2012 £	unaudited 2011 £
Loss on ordinary activities before tax	(1,006,899)	-
	<u>(1,006,899)</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate in the UK of 24.5% (2011: 26.5%)	(246,690)	-
Effects of:		
Fixed asset differences	(251)	-
Expenses not deductible for tax purposes	27,319	-
Enhancement of R&D expenditure	(130,930)	-
Adjustments in respect of previous years	169,944	-
Losses carried forward not recognised in these financial statements	180,607	-
	<u>180,607</u>	<u>-</u>
Total current tax charge for the financial year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 June 2012

7. DIVIDENDS

There were no dividends paid in the current or prior periods on the ordinary share capital

8 TANGIBLE ASSETS

	Computer £
Cost	
At 1 July 2011	-
Additions	1,121
Disposals	-
	<hr/>
At 30 June 2012	1,121
	<hr/>
Accumulated depreciation	
At 1 July 2011	-
Charge for the year	98
Depreciation disposals	-
	<hr/>
At 30 June 2012	98
	<hr/>
Net book value	
At 30 June 2012	1,023
	<hr/>
At 1 July 2011	-
	<hr/>

9. DEBTORS

	2012 £	unaudited 2011 £
Trade debtors	-	-
Other debtors and prepayments	41,848	1
	<hr/>	<hr/>
	41,848	1
	<hr/>	<hr/>

ADEPTIO PHARMACEUTICALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 June 2012

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	Unaudited 2011
	£	£
Trade creditors	79,090	-
Other creditors	129,534	-
Accrued preference dividend	118,172	-
Taxation and social security	15,210	-
	<u>342,006</u>	<u>-</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	Unaudited 2011
	£	£
5% Cumulative Preference shares	<u>2,363,434</u>	<u>-</u>

The preference shares were issued on 27 September 2011 for £1 per share. The consideration was paid in cash. Each preference share is entitled to a fixed cumulative dividend, payable out of profits at the annual rate of 5% of the issue price, excluding any tax credit. To the extent that it remains unpaid, this dividend is compounded on 30 September of each year. The dividend carries interest at the rate of 5% between the due date and the date of payment. A dividend of £118,172 has been accrued in these financial statements (Notes 4 & 10). The preference shares are due to be redeemed by the company on the third anniversary of the issue of the shares unless the majority of shareholders agree to a later date.

The preference shares are redeemable at par upon a return of capital in priority to any payment to the A Shareholders, the B Shareholders and the C Shareholders. The preference shares do not entitle the holders to any further rights of participation in the profits of the company or any rights to attend meetings and vote.

12. DEFERRED TAX

No provision has been made in these financials for any deferred tax asset or liability (2011: £Nil). At 30 June 2012, there is a potential deferred tax asset of £264,000 in respect of tax losses and Research & Development Tax Credits. This has not been recognised as the directors do not currently consider it more likely than not that these losses will be realised.

ADEPTIO PHARMACEUTICALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 June 2012

13. CALLED UP SHARE CAPITAL

	2012 £	unaudited 2011 £
Allotted and fully paid		
Nil (2011 100) ordinary shares of £0 001 each	-	1
2,363,434 (2011 Nil) A Ordinary shares of £0 001 each	2,364	-
Nil (2011 Nil) B Ordinary shares of £0 001 each	-	-
169,165 (2011 Nil) C Ordinary shares of £0 001 each	169	-
	<u>2,533</u>	<u>1</u>

On 27 September 2011, new Articles of Association were adopted by which A B and C Ordinary shares of £0 001 each and Preference shares of £1 each were created. The Directors were given authority to issue shares up to a nominal value of £5,000,000.

On 27 September 2011, the existing 100 ordinary shares of £0 01 each were subdivided into 1,000 C Ordinary shares of £0 001 each. On the same date, an additional 168,165 C Ordinary shares of £0 001 were issued at par, for cash and 2,363,434 A Ordinary shares of £0 001 were issued at par, for cash.

14. RESERVES

	Profit and loss account £
At 1 July 2011	-
Loss for the financial year (note 15)	<u>(1,006,899)</u>
At 30 June 2012	<u>(1,006,899)</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2012 £	unaudited 2011 £
Loss for the financial year	(1,006,899)	-
Issue of Ordinary Share Capital	2,532	-
	<u>(1,004,367)</u>	<u>-</u>
Net reduction in shareholders' funds	<u>(1,004,367)</u>	<u>-</u>
Closing shareholders' (deficit)/funds	<u>(1,004,366)</u>	<u>1</u>

**ADEPTIO PHARMACEUTICALS LIMITED
(FORMERLY ADEPTIO LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 June 2012

16. OPERATING LEASE COMMITMENTS

There were no operating lease commitments at 30 June 2012

17. RELATED PARTY DISCLOSURES

Entity/Person	Transaction	Total transaction value 2012 £	Outstanding at year end 2012 £	Total transaction value 2011 £	Outstanding at year end 2011 £
MST Regulatory Ltd	Consultancy services provided	53,000	12,720	-	-
Mark Evans	Subscription for ordinary shares	628	628	-	-
	Subscription for preference shares	627,541	627,541	-	-
Ian Montague	Subscription for ordinary shares	191	192	-	1
	Subscription for preference shares	22,759	22,759	-	-
Mercia Holdings	Subscription for ordinary shares	628	628	-	-
	Subscription for preference shares	627,541	627,541	-	-
The Wendt Family Trust	Subscription for ordinary shares	628	628	-	-
	Subscription for preference shares	627,541	627,541	-	-

The directors had no other interest in transactions with the company in the year (2011 none) aside from the remuneration outlined in note 2. In addition to the remuneration outlined in note 2, the directors had interests in Mercia Holdings Limited and The Wendt Family Trust

