

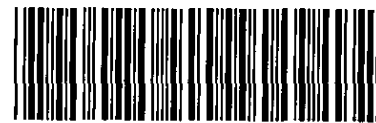
Registered No SC179263

Geron Bio-Med Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Geron Bio-Med Limited

Registered No: SC179263

Directors

D Greenwood
T Okarma

Secretary

O Bloom

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

Bankers

Bank of Scotland
Pentland House
8 Lochside Avenue
Edinburgh
EH12 9DJ

Solicitors

Dundas & Wilson CS LLP
191 West George Street
Glasgow
G2 2LD

Registered Office

4th Floor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

Directors' report

The directors present their report and financial statements for the year ended 31 December 2009.

Results and dividends

The profit for the year, after taxation, amounted to £42,000 (2008: £130,000). The directors do not recommend the payment of any dividends.

Principal activities and review of the business

Geron Bio-Med Ltd was incorporated in the United Kingdom and is a wholly-owned subsidiary of Geron Corporation, a company incorporated in the United States.

Geron Corporation is developing first-in-class biopharmaceuticals for the treatment of cancer and chronic degenerative diseases, including spinal cord injury, heart failure and diabetes. The company is advancing an anti-cancer drug and a cancer vaccine that target the enzyme telomerase through multiple clinical trials in different cancers.

In 2006, Geron Corporation collaborated with the University of Edinburgh to conduct preclinical safety and efficacy studies with three cell types derived from human embryonic stem cells (hESCs). The cell types are hepatocytes for the treatment of liver failure and osteoblasts and chondrocytes for the treatment of musculoskeletal disorders, including osteoarthritis, bone fractures and osteoporosis. Geron Bio-Med Ltd oversees the scientific research programs conducted in the United Kingdom.

Directors and their interests

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

D Greenwood
T Okarma

During the period, the company purchased and maintained liability insurance for its directors and officers as permitted by section 533 of the Companies Act 2006.

Going concern

After making enquiries, the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and the parent company, Geron Corporation, has indicated that it will provide the necessary financial support to enable the company to continue to trade for the foreseeable future.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required by the auditor in connection with preparing the report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

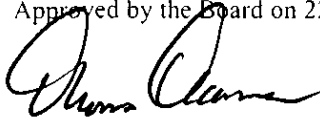
Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' report

This report has been prepared in accordance with the special provisions applicable to companies subject to the small company regime within Part 15 of the Companies Act 2006.

Approved by the Board on 22/6/2010 and signed on its behalf



T Okarma
Director
22 June 2010

Statement of directors' responsibilities in respect of the financial statements

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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 to 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Geron Bio-Med Limited

We have audited the financial statements of Geron Bio-Med Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account and the Balance Sheet, and the related notes 1 to 13. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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.

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 2009 and of its profit 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.

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:

Independent auditors' report

to the members of Geron Bio-Med Limited (continued)

- 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 prepare the financial statements and the directors' report in accordance with the small companies regime.

Ernst & Young LLP

Walter Campbell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

22/6/2010

Profit and loss account

for the year ended 31 December 2009

	<i>Notes</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Turnover	2	53	106
Cost of sales		49	118
		<hr/>	<hr/>
Gross loss		4	(12)
Administrative expenses		11	31
		<hr/>	<hr/>
Operating loss	3	(7)	(43)
Interest receivable and similar income	5	55	221
		<hr/>	<hr/>
Profit on ordinary activities before taxation		48	178
Tax on profit on ordinary activities	6	(6)	(48)
		<hr/>	<hr/>
Profit retained for the financial year		42	130
		<hr/>	<hr/>

All operations are continuing.

Statement of total recognised gains and losses

for the year ended 31 December 2009

There are no recognised gains and losses other than the retained profit of the company of £42,000 in the year ended 31 December 2009 (2008: £130,000).

Balance Sheet

at 31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	7	-	-
Current assets			
Debtors	8	444	4,662
Cash at bank		22	14
		466	4,676
Creditors: amounts falling due within one year	9	14	66
Net current assets		452	4,610
Creditors: amounts falling due after more than one year	10	6	6
		446	4,604
Capital and reserves			
Called up share capital	11	410	410
Share premium account	12	-	6,538
Profit and loss account	12	36	(2,344)
Shareholders' funds		446	4,604

The financial statements are prepared in accordance with the special provision applicable to entities subject to small company regime within Part 15 of the Companies Act 2006.

The financial statements were approved for issue by the Board of Directors on 22/6/2010 and are signed on their behalf by:



T Okarma
Director

22 June 2010

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Going concern

The company's ultimate parent undertaking, Geron Corporation, has confirmed that it will continue to provide financial support as Geron Bio-Med Limited may need from time to time, for the foreseeable future to enable it to continue to trade and meet its liabilities as they fall due.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Research and development

Research and development expenditure is written off in the year in which it is incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit.

Intangible fixed assets and amortisation

Licences acquired from third parties are stated at cost, net of amortisation and provision for impairment. Licences are amortised on a straight line basis over the minimum term of the licence agreement which is ten years.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, evenly over the expected useful life, as follows:

Lab equipment	-	5 years straight line
Computer equipment	-	2-5 years straight line

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, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted 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.

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Related party disclosure

The company has taken advantage of the exemption available under FRS 8 on the basis that it is a wholly-owned subsidiary of Geron Corporation. Related party transactions are therefore not required to be disclosed.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT and other sales taxes or duty.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the period. All gains and losses are taken to the profit and loss account in the period in which they arise.

2. Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK and excludes value added tax.

3. Operating loss

This is stated after charging:

	2009 £000	2008 £000
Auditors' remuneration		
- audit services	6	17
- non-audit services	2	12
Depreciation of owned fixed assets	-	4
Amortisation of licences	-	30
	<u> </u>	<u> </u>

4. Staff costs

	2009 £000	2008 £000
Wages and salaries	39	55
	<u> </u>	<u> </u>

The monthly average number of employees during the year was as follows:

	2009 No.	2008 No.
Administrative staff	1	1
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2009

5. Interest receivable

	2009 £000	2008 £000
Interest from group undertakings	55	221

6. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2009 £000	2008 £000
<i>Current tax:</i>		
UK Corporation tax	3	39
Adjustments in respect of previous periods	3	9
Total current tax (note 6(b))	6	48

(b) Factors affecting current tax charge

The differences are reconciled below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	48	178
Profit on ordinary activities at the standard rate of tax of 21 % (2008: 28.5%)	10	51
Expenses not deductible for tax	1	-
Capital allowances in excess of depreciation	(8)	(5)
Adjustments in respect of previous periods	3	9
Marginal relief	-	(7)
Total current tax (note 6(a))	6	48

(c) Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £514,952 (2008: £522,946) comprised mainly of trading losses carried forward. This asset has not been recognised as there is insufficient evidence of suitable taxable profits against which the asset can reverse in the foreseeable future.

Notes to the financial statements

at 31 December 2009

7. Tangible fixed assets

	<i>Plant and machinery</i> £000	<i>Equipment</i> £000	<i>Total</i> £000
Cost:			
At 31 December 2009 and 31 December 2008	42	6	48
Depreciation:			
At 31 December 2009 and 31 December 2008	42	6	48
Net book value			
At 31 December 2009 and 31 December 2008	-	-	-

8. Debtors

	2009 £000	2008 £000
Amounts owed by group undertakings	443	4,662
Other debtors	1	-
	444	4,662

9. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Corporation tax	3	45
Accruals and deferred income	11	21
	14	66

10. Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Liability component of ordinary shares	6	6

Notes to the financial statements

at 31 December 2009

The company may redeem the 'D' ordinary shares at any time in return for the payment of an aggregate sum of £1 to the registered holder. 'D' ordinary shares have no voting rights. 'D' ordinary shares are not entitled to dividends.

11. Share capital

	<i>Authorised</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Equity – 'A' ordinary shares of £1 each	172	172
Equity – 'B' ordinary shares of £1 each	248	248
Equity – 'C' ordinary shares of £1 each	20	20
	<u>440</u>	<u>440</u>

		<i>Allotted and called up</i>	
	<i>No.</i>	<i>2009</i>	<i>2008</i>
		<i>£000</i>	<i>£000</i>
Equity – 'A' ordinary shares of £1 each	172,000	172	172,000
Equity – 'B' ordinary shares of £1 each	218,000	218	218,000
Equity – 'C' ordinary shares of £1 each	20,000	20	20,000
		<u>410</u>	<u>410</u>

(a) Income

All classes of ordinary shares, other than 'D' ordinary shares rank equally for dividends.

(b) Capital

On the return of assets on liquidation or capital reduction, the repayment of capital shall be in the following order:

First, in paying to the holders of the 'A' ordinary shares, an amount per share equal to the aggregate amount subscribed for all the issued 'A' ordinary shares and 'D' ordinary shares together with a sum equal to any arrears or accruals of the dividends on the 'A' ordinary shares calculated to the date of the return of capital;

Second, in paying to the holders of the 'B' and 'C' ordinary shares the sum paid per share on each 'A' ordinary share together with a sum equal to any arrears or accruals of the dividends on the ordinary shares calculated to the date of the return of capital; and the balance of such assets shall be distributed amongst the holders of the equity shares in proportion to the amounts paid up or credited as paid up on the equity shares held by them respectively; and

After the equity shareholders have received £1,000 per share the holders of the 'D' ordinary shares will receive £0.01 per share.

(c) Voting

Equity shares carry one vote per share.

Notes to the financial statements

at 31 December 2009

12. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 31 December 2007	410	6,538	(2,474)	4,474
Profit for the year	-	-	130	130
At 31 December 2008	410	6,538	(2,344)	4,604
Movement during the year	-	(6,538)	6,538	-
Profit for the year	-	-	42	42
Dividend paid during the year	-	-	(4,200)	(4,200)
At 31 December 2009	410	-	36	446

In January 2009, the Directors approved resolutions to reduce the entire share premium (£6,537,699) to nil in order to create a reserve to eliminate accumulated realised losses of the company. In March 2009, the Directors approved resolutions to declare a dividend in favour of the parent company, Geron Corporation, in an amount equal to £4,200,000. The dividend was satisfied in specie by the company by assigning the amount against an inter-company loan payable to the company from Geron Corporation.

13. Ultimate parent company

The company's parent company and ultimate controlling party is Geron Corporation, which is incorporated in the USA. Copies of its group financial statements, which are the smallest and largest group for which consolidated financial statements are drawn up and of which the company is a member, are available from www.geron.com.