



Amro Biotech plc

Directors' report and financial statements

For the year ended 30 June 2010

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COMPANY INFORMATION

Directors	Dr A Rogers Dr Y E-L A Rogers D R Walker Dr L S Gogbashian
Company secretary	Dr Y E-L A Rogers
Company number	03773864
Registered office	First Floor Sheraton House Lower Road Chorleywood Hertfordshire WD3 5LH
Auditors	Mazars LLP The Atrium Park Street West Luton Bedfordshire LU1 3BE
Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
Patent Attorney	Carpmaels and Ransford One Southampton Row London WC1B 5HA

CONTENTS

	Page
Chairman's statement	1
Directors' report	2 – 5
Independent auditor's report	6 – 7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 17

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

I report on the progress that your company has made during the last year in association with our sister company Amro Biotech (Netherlands) B V. Following another challenging period for research, the past year has seen further advances within the company and new milestones have been achieved.

Implementation of our strategic plans to expand the number of drug products and their potential clinical uses in diseases of major humanitarian and commercial impact have continued to progress.

The novel products that we have developed and our approach to the treatment of serious diseases have continued to gain the support of Key Medical Opinion Leaders in the diseases of their specialty. The development of clinical trial protocols has continued and dossiers required to obtain statutory approvals for clinical trials have been submitted to the Regulatory Authorities in the UK. The Chemistry, Manufacturing and Control ("CMC") components have been approved, while certain residual trial design parameters are being resolved.

I am pleased to report that the United States Food and Drugs Administration (FDA) selected us to make a submission to them with regard to Orphan Drug designation. We consider this as recognition and acknowledgement of the quality of our science and a significant achievement. Following three days of satisfactory meetings with FDA authorities in Washington a milestone has been achieved. This is a major step forward for your company.

The principal aim of your Board still remains to add value to your company and bring our patented drugs to market as soon as possible.

For the past several years Amro has persevered to achieve new standards for medical treatments and has positioned itself as a truly innovative, forward thinking Company deeply concerned with the people who it seeks to serve. We now find ourselves at the start of a growth cycle, supported by a team that continues to demonstrate outstanding dedication.

Last but not least, I would like to express my heart-felt gratitude for your support.



Dr A Rogers
Chairman
Hertfordshire

Date 23 November 2010

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

The directors present their report and the financial statements for the year ended 30 June 2010

Principal activities

The principal activities of the company are research and the development of products and management of patents

Business review

During the year the company continued its activities in research and development and provided services to Amro Biotech (Netherlands) BV under the terms of a research and development services agreement. In particular, the company has been engaged by Amro Biotech (Netherlands) B V to oversee various aspects of the latter's non-clinical and clinical drug development programs, as well as management of its intellectual property portfolio and future commercialisation strategy.

Results and dividends

The profit for the year, after taxation, amounted to £14,502 (2009 loss £270,294)

The directors do not recommend the payment of a dividend

Directors

The directors who served during the year were

Dr A Rogers
Dr Y E-L A Rogers
D R Walker
Dr L S Gogbashian

Non-executive directors

At the present time, Dr Arpi Rogers, Dr Yvonne Rogers, and Mr David Walker are employed full time. Dr Lisa Gogbashian is employed part time.

There are no non-executive directors at the present time.

It is the board's intention to appoint further executive and non-executive directors as the company develops and as appropriate candidates are identified.

Future developments

During the immediate future, the company will continue its research and development program. In particular, it will continue to provide consulting and other research and development services to Amro Biotech (Netherlands) B V.

Management incentives

At this time, the company has no bonus, share purchase, share option or other management incentive scheme.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Remuneration

The remuneration of the directors has been fixed by the chairman

Details of directors' remuneration for the year to 30 June 2010 are set out in note 6 to the accounts

Corporate governance

The activities and resources of the company are such that the board has been kept small and focused. As the activities of the company expand in future years it is the intention of the board to comply with the recommendations of the Combined Code on corporate governance.

Control procedures

The board continues to implement the control procedures which it believes are necessary to ensure compliance and effective reporting.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue its planned operations into the foreseeable future and a reasonable expectation of raising additional resources in due course to continue the company's development towards profitable trading.

Company's policy for payment of creditors

The company does not have a written policy on the payment of trade creditors. However, the company intends to pay all trade creditors promptly within the payment terms agreed with them. At the financial year end the company had 31 days (2009: 31 days) of purchases outstanding within trade creditors.

Enterprise Investment Scheme

The company has successfully applied to the HM Revenue & Customs to be recognised as a qualifying company under the provisions of the Enterprise Investment Scheme. Accordingly, those investors who also qualify have received or will receive appropriate tax relief certificates. Whilst the directors intend to manage the affairs of the company so as to maximise the likelihood that this relief is maintained based on professional advice received, they reserve the right not to do so if it is demonstrably in the interests of the company and its shareholders, as a whole, to do otherwise.

Financial instruments

Interest rate risk

The company is not exposed to interest rate risk.

Foreign currency risk

The company is exposed to foreign currency risk in currencies other than the functional currency of the entity. The entity does not hedge currency exposure.

Credit risk

Receivable balances are monitored on an ongoing basis and provisions made for doubtful debts where necessary.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Intellectual property

On 15 July 1999 the company was granted a fifteen year exclusive world-wide licence by Dr Rogers in respect of Amro intellectual property which relates to the Amro monoclonal antibodies. The license was granted pursuant to the Amro patents and is for the purposes of research and development, manufacture, marketing and sale of products relating to the Amro intellectual property. Dr Rogers has agreed to supply and has supplied all know-how relating to the Amro intellectual property. On 17 October 2005 the company granted a sub license to Amro Biotech (Netherlands) B V.

Political and charitable contributions

During the period there were no charitable or political donations.

Statement of 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 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 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 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.

Statement as to disclosure of information to auditors

The directors have taken all the necessary steps to make us aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006

This report was approved by the board on 23 November 2010
and signed on its behalf by



Dr Y E-L A Rogers
Director and company secretary

Amro Biotech plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMRO BIOTECH PLC (registered number: 03773864)

We have audited the financial statements of Amro Biotech Plc for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on the 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 2010 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 the 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.



Amro Biotech plc

INDEPENDENT AUDITOR'S REPORT (continued) TO THE MEMBERS OF AMRO BIOTECH PLC (registered number: 03773864)

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



Mazars LLP, Chartered Accountants (Statutory auditor)
Lee Brook (Senior statutory auditor)

The Atrium
Park Street West
Luton
Bedfordshire
LU1 3BE

Date 23 November 2010

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 £	As Restated 2009 £
Turnover	2	469,191	418,441
Research and development costs		(325,171)	(388,969)
Administrative costs		(141,155)	(174,050)
Operating profit/(loss)	3	2,865	(144,578)
Interest receivable and similar income		311	12,150
Interest payable and similar charges	7	-	(20)
Profit/(loss) on ordinary activities before taxation		3,176	(132,448)
Tax on profit/(loss) on ordinary activities	8	11,326	(137,846)
Profit/(loss) on ordinary activities after taxation	13/14	14,502	(270,294)

All amounts relate to continuing operations

There were no recognised gains and losses other than those included in the profit and loss account

**BALANCE SHEET
AS AT 30 JUNE 2010**

	Note	£	2010	£	£	2009	£
Fixed assets							
Tangible fixed assets	9			2,403			1,230
Current assets							
Debtors	10		442,637			331,779	
Cash at bank			265,015			272,534	
			<u>707,652</u>			<u>604,313</u>	
Creditors' amounts falling due within one year	11		<u>(470,059)</u>			<u>(380,049)</u>	
Net current assets				<u>237,593</u>			<u>224,264</u>
Total assets less current liabilities				<u>239,996</u>			<u>225,494</u>
Capital and reserves							
Called up share capital	12			58,947			58,947
Share premium account	13			3,895,766			3,895,766
Profit and loss account	13			<u>(3,714,717)</u>			<u>(3,729,219)</u>
Shareholders' funds	14			<u>239,996</u>			<u>225,494</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 November 2010


Dr A Rogers
 Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	15	(5,458)	(184,289)
Returns on investments and servicing of finance	16	311	12,130
Taxation	16	-	(137,846)
Capital expenditure and financial investment	16	(2,372)	-
Financing	16	-	228,000
Decrease in cash in the year		(7,519)	(82,005)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 £	2009 £
Decrease in cash in the year	(7,519)	(82,005)
Change in net debt resulting from cash flows	(7,519)	(82,005)
Other non-cash changes	-	-
Movement in net debt in the year	(7,519)	(82,005)
Net funds at 1 July 2009	272,534	354,539
Net funds at 30 June 2010	265,015	272,534

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1 Accounting policies**a) Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

b) Going concern

The directors believe that the company has adequate resources to support its plans for the next twelve months. These financial statements have been prepared on a going concern basis.

c) Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures, fittings and equipment	- 33% straight line
Laboratory equipment	- 33% straight line

e) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss account.

f) Intellectual property rights

Intellectual property relates to Amro monoclonal antibodies. The licence received in respect of intellectual property has not been recognised in the financial statements.

g) Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

h) Patent costs

Patent costs comprising legal fees and other direct costs incurred in obtaining patents are written off in the year of expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2 Turnover

The whole of the turnover is attributable to the company's principal activities of research and the development of products and management of patents

All turnover arose within the European Union (excluding the United Kingdom) and were made exclusively to Amro Biotech (Netherlands) B V (note 20)

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting)	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	1,199	2,125
Difference on foreign exchange	(10,134)	(38,814)
Research and development costs	325,171	388,969
	<u>325,171</u>	<u>388,969</u>

4. Auditors' remuneration

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,900	6,900
Fees payable to the company's auditor and its associates in respect of non-audit service	5,450	9,983
	<u>5,450</u>	<u>9,983</u>

5 Staff costs

Staff costs, including directors' remuneration, were as follows	2010 £	2009 £
Wages and salaries	233,757	287,336
Social security costs	27,655	33,637
	<u>261,412</u>	<u>320,973</u>

The average monthly number of employees, including the directors, during the year was as follows

2010 Number	2009 Number
4	4
<u>4</u>	<u>4</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

6. Directors' remuneration	2010	2009
	£	£
Aggregate emoluments	<u>233,757</u>	<u>265,008</u>
The emoluments of the directors disclosed above include the following amounts paid to the highest paid director		
	2010	2009
	£	£
Dr A Rogers	<u>100,008</u>	<u>100,008</u>
7. Interest payable and similar charges	2010	2009
	£	£
On bank loans and overdrafts	<u>-</u>	<u>20</u>
8. Taxation	2010	2009
	£	£
UK Corporation tax credit on loss for the year	(11,326)	-
Prior period adjustment	-	137,846
	<u>(11,326)</u>	<u>137,846</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010	2009
	£	£
Profit/(loss) on ordinary activities before tax	<u>3,176</u>	<u>(132,448)</u>
Profit/(loss) on ordinary activities multiplied by the effective rate of corporation tax in the UK of 28% (2009 28%)	889	(37,085)
Effects of:		
Expenses not deductible for tax purposes	8	20
Capital allowances for year in excess of depreciation	(610)	240
Surrender of tax losses for research and development tax credit refund	11,326	-
Additional deduction for research and development expenditure	(22,939)	-
Losses not utilised in the year	-	36,825
Current tax credit for the year (see note below)	<u>(11,326)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8 Taxation (continued)

Factors that may affect future tax charges

A claim is to be submitted for a repayment of research and development tax credits of £25,298 in respect of the year ended 30 June 2010 (2009 £50,166) During the year the company received tax credits of £nil in respect of earlier years (2009 £nil)

Tax losses available to offset against future profits as at 30 June 2010 are estimated at £2,426,875 (2009 £2,426,875)

Deferred tax is not recognised on the basis that the future economic benefit is uncertain

9 Tangible fixed assets

	Laboratory equipment £	Furniture, fittings and equipment £	Total £
Cost			
At 1 July 2009	28,787	19,553	48,340
Additions	-	2,372	2,372
At 30 June 2010	28,787	21,925	50,712
Depreciation			
At 1 July 2009	28,787	18,323	47,110
Charge for the year	-	1,199	1,199
At 30 June 2010	28,787	19,522	48,309
Net book value			
At 30 June 2010	-	2,403	2,403
At 30 June 2009	-	1,230	1,230

10 Debtors

	2010 £	2009 £
NDR debtor account (note 20)	47,932	-
Prepayments and accrued income (note 20)	360,023	220,761
VAT recoverable	23,356	25,899
Other debtors	-	85,119
Other taxation	11,326	-
	<u>442,637</u>	<u>331,779</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11. Creditors. Amounts falling due within one year	2010	2009
	£	£
Trade creditors	17,369	118,362
NDR creditor account (note 20)	-	2,815
Amro Biotech (Netherlands) B V creditor account (note 20)	121,947	128,161
Social security and other taxes	16,180	325
Other creditors	20,992	3,629
Accruals and deferred income	293,571	126,757
	<u>470,059</u>	<u>380,049</u>
12. Share capital	2010	2009
	£	£
Authorised		
10,000,000 Ordinary shares of 1p each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
Ordinary shares of 1p each	<u>58,947</u>	<u>58,947</u>
13. Reserves	Share premium account	Profit and loss account
	£	£
At 1 July 2009	3,895,766	(3,729,219)
Profit for the year	-	14,502
At 30 June 2010	<u>3,895,766</u>	<u>(3,714,717)</u>
14 Reconciliation of movement in shareholders' funds	2010	2009
	£	£
Opening shareholders' funds	225,494	267,788
Profit/(loss) for the year	14,502	(270,294)
Share capital subscribed in the year	-	29
Premium on shares issued in the year	-	227,971
Closing shareholders' funds	<u>239,996</u>	<u>225,494</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

15.	Net cash flow from operating activities	2010 £	2009 £		
	Operating profit/(loss)	2,865	(144,578)		
	Depreciation of tangible fixed assets	1,199	2,125		
	Decrease/(increase) in debtors	(99,532)	211,365		
	(Decrease)/increase in creditors	90,010	(253,201)		
	Net cash outflow from operations	(5,458)	(184,289)		
16	Analysis of cash flows for headings netted in cash flow statement	2010 £	2009 £		
	Returns on investments and servicing of finance				
	Interest received	311	12,150		
	Interest paid	-	(20)		
	Net cash inflow from returns on investments and servicing of finance	311	12,130		
	Taxation	2010 £	2009 £		
	Prior period adjustment	-	137,846		
	Capital expenditure and financial investment	2010 £	2009 £		
	Purchase of tangible fixed assets	(2,372)	-		
	Financing	2010 £	2009 £		
	Issue of ordinary share capital	-	29		
	Premium on issue of ordinary share capital	-	227,971		
	Net cash inflow from financing	-	228,000		
17.	Analysis of changes in net debt	1 July 2009 £	Cash flow £	Other Non-cash changes £	30 June 2010 £
	Cash at bank and in hand	272,534	(7,519)	-	265,015
	Net funds	272,534	(7,519)	-	265,015

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

18. Contingent Liability

A sub-licence had been granted to Amro Biotech (Netherlands) B V in consideration of a 9% royalty to be paid to the company in relation to sales of products arising from the eventual commercialisation of the underlying intellectual property. It is not possible to make a reliable estimate of what the level of those sales might be.

19. Contingent Asset

Amro Biotech plc has reclaimed tax credits relating to research and development expenditure in the year to 30 June 2010 of £13,972 (2009 and prior £188,013). HMRC have queried the basis on which the refund has been claimed and the outcome of the claims are uncertain. No provision, relating to these amounts, have been included in the accounts to 30 June 2010 as the expectation of receiving the cash is uncertain.

20. Related party transactions

Dr A Rogers is a director of Neo Diagnostic Research Limited. Neo Diagnostic Research Limited is a company incorporated in the United Kingdom with the sole purpose of acting as agent on behalf of Amro Biotech plc. Included in debtors is a balance receivable from Neo Diagnostic Research Limited of £47,932 (2009 creditor of £2,815). Additional costs from Neo Diagnostic Research Limited of £131,896 (2009 £75,559) have also been accrued at the year end (note 11).

The shareholders of Amro Biotech plc are also the beneficial shareholders of Amro Biotech (Netherlands) B V, a company incorporated in the Netherlands. Sales of £469,191 (2009 £418,441) were made in the ordinary course of business during the year. At 30 June 2010 the company owed £121,947 (2009 £128,161) to Amro Biotech (Netherlands) B V and has recognised an additional £360,023 (2009 £212,312) of accrued income from the same source (notes 10 and 11).