

Amro Biotech plc

Directors' report and financial statements

For the year ended 30 June 2009

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COMPANIES HOUSE

Amro Biotech plc

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
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Hertfordshire
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Auditors
Mazars LLP
The Atrium
Park Street West
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Bedfordshire
LU1 3BE

Bankers
Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

Patent Attorney
Carpmaels and Ransford
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London
WC1 2RA

Amro Biotech plc

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

Amro Biotech plc

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

It is with satisfaction that 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 a very difficult period for research, the past year has seen considerable advances within the company and important 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 progressed significantly.

Products based on our platform technology and their novel approach to the treatment of serious diseases have met with the enthusiastic approval of Key Opinion Leaders in the diseases of their specialty. Accordingly, the development of a major series of clinical trial protocols has been carried out in-house, on the strength of which, prominent and internationally recognised medical consultants have been retained who are enthusiastic in recruiting patients and carrying out the programme in each of the diseases under scrutiny. In addition, the large dossiers required for submission to Regulatory Authorities both in the UK and in Europe to obtain statutory approvals for clinical trials are in place for two of our products and we anticipate a third one will be ready shortly.

Furthermore, the company objective of developing alternative, non-invasive methods of drug delivery of our products has also progressed satisfactorily as has the development of your company's patent portfolio.

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

Once again I extend my warm appreciation for support in such challenging times.



Dr A Rogers
Chairman

Date: 4 December 2009

Amro Biotech plc

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report and the financial statements for the year ended 30 June 2009.

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 loss for the year, after taxation, amounted to £270,294 (2008: loss £206,408).

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.

Amro Biotech plc

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

Management incentives

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

Remuneration

The remuneration of the directors has been fixed by the chairman.

Details of directors' remuneration for the year to 30 June 2009 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 (2008: 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.

Amro Biotech plc

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

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 permission 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.

Amro Biotech plc

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 4 December 2009
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

We have audited the financial statements of Amro Biotech plc for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. 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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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.

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.

Amro Biotech plc**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMRO BIOTECH PLC**

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 30 June 2009 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 Directors' Report is consistent with the financial statements.



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

The Atrium
Park Street West
Luton
Bedfordshire
LU1 3BE

Date: 23/12/09

Amro Biotech plc

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Turnover	2	418,441	531,729
Cost of sales		(154,384)	(212,464)
Gross profit		264,057	319,265
Research and development costs		(234,585)	(352,769)
Administrative costs		(174,050)	(271,798)
Operating loss	3	(144,578)	(305,302)
Interest receivable and similar income		12,150	18,093
Interest payable and similar charges	7	(20)	(35)
Loss on ordinary activities before taxation		(132,448)	(287,244)
Tax on loss on ordinary activities	8	(137,846)	80,836
Loss on ordinary activities after taxation	13/14	(270,294)	(206,408)

All amounts relate to continuing operations.

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

Amro Biotech plc

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009		2008	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		1,230		3,355
Current assets					
Debtors	10	331,779		543,144	
Cash at bank		272,534		354,539	
		<u>604,313</u>		<u>897,683</u>	
Creditors: amounts falling due within one year	11	<u>(380,049)</u>		<u>(633,250)</u>	
Net current assets			<u>224,264</u>		<u>264,433</u>
Total assets less current liabilities			<u>225,494</u>		<u>267,788</u>
Capital and reserves					
Called up share capital	12		58,947		58,918
Share premium account	13		3,895,766		3,667,795
Profit and loss account	13		<u>(3,729,219)</u>		<u>(3,458,925)</u>
Shareholders' funds	14		<u>225,494</u>		<u>267,788</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 December 2009



Dr A Rogers
Director

Amro Biotech plc

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	15	(184,289)	(37,257)
Returns on investments and servicing of finance	16	12,130	18,058
Taxation	16	(137,846)	-
Capital expenditure and financial investment	16	-	(3,591)
Financing	16	228,000	-
Decrease in cash in the year		(82,005)	(22,790)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS FOR THE YEAR ENDED 30 JUNE 2009

	2009 £	2008 £
Decrease in cash in the year	(82,005)	(22,790)
Change in net debt resulting from cash flows	(82,005)	(22,790)
Other non-cash changes	-	-
Movement in net debt in the year	(82,005)	(22,790)
Net funds at 1 July 2008	354,539	377,329
Net funds at 30 June 2009	272,534	354,539

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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.

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 loss

The operating loss is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	2,125	3,099
Difference on foreign exchange	(38,814)	(248)
Research and development costs	234,585	352,769

4. Auditors' remuneration

	2009 £	2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,900	5,543
Fees payable to the company's auditor and its associates in respect of non-audit service	9,983	19,915

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2009 £	2008 £
Wages and salaries	287,336	324,761
Social security costs	33,637	38,025
	320,973	362,786

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

2009 Number	2008 Number
4	5

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. Directors' remuneration	2009 £	2008 £
Aggregate emoluments	<u>265,008</u>	<u>252,511</u>
The emoluments of the directors disclosed above include the following amounts paid to the highest paid director:		
	2009 £	2008 £
Dr A Rogers	<u>100,008</u>	<u>100,008</u>
7. Interest payable and similar charges	2009 £	2008 £
On bank loans and overdrafts	<u>20</u>	<u>35</u>
8. Taxation	2009 £	2008 £
UK Corporation tax credit on loss for the year	-	(80,836)
Prior period adjustment (note 19)	<u>137,846</u>	<u>-</u>
	<u>137,846</u>	<u>(80,836)</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:

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(132,448)</u>	<u>(287,244)</u>
Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK of 28% (2008: 29.5%)	(37,085)	(84,745)
Effects of:		
Expenses not deductible for tax purposes	20	61
Capital allowances for year in excess of depreciation	240	(49)
Surrender of tax losses for research and development tax credit refund	-	68,220
Additional deduction for research and development expenditure	-	(64,323)
Losses not utilised in the year	<u>36,825</u>	<u>-</u>
Current tax credit for the year (see note below)	<u>-</u>	<u>(80,836)</u>

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 £50,166 in respect of the year ended 30 June 2009 (2008: £80,836). During the year the company received tax credits of £nil in respect of earlier years (2008: £nil).

Tax losses available to offset against future profits as at 30 June 2009 are estimated at £2,426,875 (2008: £2,068,543).

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 2008	28,787	19,553	48,340
Additions	-	-	-
At 30 June 2009	28,787	19,553	48,340
Depreciation			
At 1 July 2008	28,787	16,198	44,985
Charge for the year	-	2,125	2,125
At 30 June 2009	28,787	18,323	47,110
Net book value			
At 30 June 2009	-	1,230	1,230
At 30 June 2008	-	3,355	3,355

10. Debtors

	2009 £	2008 £
Prepayments and accrued income (note 20)	220,761	297,014
VAT recoverable	25,899	108,284
Other debtors	85,119	137,846
	331,779	543,144

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11. Creditors: Amounts falling due within one year	2009	2008
	£	£
Trade creditors	118,362	17,867
NDR creditor account (note 20)	2,815	154,895
Amro Biotech (Netherlands) B.V. creditor account (note 20)	128,161	356,721
Social security and other taxes	325	11,962
Other creditors	3,629	21,884
Accruals and deferred income	126,757	69,921
	<u>380,049</u>	<u>633,250</u>
12. Share capital	2009	2008
	£	£
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>58,918</u>
On 17 July 2008 Amro Biotech plc issued 2,850 ordinary shares of 1p each for a nominal value of £80 per share, the total value received was £228,000.		
13. Reserves	Share premium account	Profit and loss account
	£	£
At 1 July 2008	3,667,795	(3,458,925)
Loss for the year	-	(270,294)
Premium on shares issued in the year	227,971	-
At 30 June 2009	<u>3,895,766</u>	<u>(3,729,219)</u>
14. Reconciliation of movement in shareholders' funds	2009	2008
	£	£
Opening shareholders' funds	267,788	474,196
Loss for the year	(270,294)	(206,408)
Share capital subscribed in the year	29	-
Premium on shares issued in the year	227,971	-
Closing shareholders' funds	<u>225,494</u>	<u>267,788</u>

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

15.	Net cash flow from operating activities	2009 £	2008 £		
	Operating loss	(144,578)	(305,302)		
	Depreciation of tangible fixed assets	2,125	3,099		
	Decrease/(increase) in debtors	211,365	(30,901)		
	(Decrease)/increase in creditors	(253,201)	295,847		
	Net cash outflow from operations	(184,289)	(37,257)		
16.	Analysis of cash flows for headings netted in cash flow statement	2009 £	2008 £		
	Returns on investments and servicing of finance				
	Interest received	12,150	18,093		
	Interest paid	(20)	(35)		
	Net cash inflow from returns on investments and servicing of finance	12,130	18,058		
	Taxation	2009 £	2008 £		
	Prior period adjustment	137,846	-		
	Capital expenditure and financial investment	2009 £	2008 £		
	Purchase of tangible fixed assets	-	(3,591)		
	Financing	2009 £	2008 £		
	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 2008 £	Cash flow £	Other Non-cash changes £	30 June 2009 £
	Cash at bank and in hand	354,539	(82,005)	-	272,534
	Net funds	354,539	(82,005)	-	272,534

Amro Biotech plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2007 of £57,011 and in the year to 30 June 2008 of £80,836. A further claim of £50,166 is expected to be made in respect of the current year. HMRC have queried the basis on which the refund has been claimed and the outcome of the claim and future claims are uncertain. The total provision relating to research and development expenditure amounting to £137,846 (2008: £137,846) was written back in the year as the likelihood of receiving the asset was 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 creditors is a balance payable to Neo Diagnostic Research Limited of £2,815 (2008: £154,895). Additional costs from Neo Diagnostic Research Limited of £75,559 (2008: £57,315) 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 £418,441 (2008: £531,729) were made in the ordinary course of business during the year. At 30 June 2009 the company owed £128,161 (2008: £356,721) to Amro Biotech (Netherlands) B.V. and has recognised an additional £212,312 (2008: £285,560) of accrued income from the same source (notes 10 and 11).