

REGISTERED NUMBER: 03246469 (England and Wales)

Report of the Directors and
Unaudited Financial Statements For The Year Ended 31 December 2016
for
Oxagen Limited

Summ.IT Assist LLP
3 Hardman Square
Spinningfields
Manchester
M3 3EB

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Oxagen Limited

Contents of the Financial Statements
For The Year Ended 31 December 2016

	Page
Company Information	1
Report of the Directors	2
Income Statement	3
Balance Sheet	4
Notes to the Financial Statements	5
Report of the Accountants	8
Profit and Loss Account	9

Oxagen Limited

Company Information

For The Year Ended 31 December 2016

DIRECTORS:

Professor Sir John Bell
Dr Michael Carter
Mr Tim Edwards
Dr Luke Evnin
Dr Alan Ezekowitz

REGISTERED OFFICE:

c/o Covington & Burling LLP
265 Strand
London
WC2R 1BH

REGISTERED NUMBER:

03246469 (England and Wales)

ACCOUNTANTS:

Summ.IT Assist LLP
3 Hardman Square
Spinningfields
Manchester
M3 3EB

Oxagen Limited

Report of the Directors For The Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

Oxagen Limited ('Oxagen') is a privately held biopharmaceutical company which has licensed OC459, its experimental compound for the treatment of Th2-mediated diseases, and certain back-up compounds, (i) to a Russian venture-funded group called Eleventa LLC (which is a subsidiary of Maxwell Biotech Group) ('Maxwell/Eleventa') for the Russian and CIS territories, and (ii) to a related company Atopix Therapeutics Limited for the rest of the world.

The principal activity of the company is to support Maxwell/Eleventa in the clinical development and registration of OC459 in Russia and CIS territories, primarily by supplying product for clinical trials. During the year, Maxwell/Eleventa completed recruitment into a phase 3 clinical study of OC459 of about 200 patients with mild-to-moderate asthma. Full results are expected to be available in the second half of 2017.

On 17 November 2016, Chiesi Farmaceutici Spa ('Chiesi'), announced that it had signed a definitive agreement for the acquisition of Atopix Therapeutics Limited. Under the terms of the agreement, Chiesi acquired all the outstanding shares of Atopix (including the shares held by the Company) for a total amount, inclusive of development, regulatory and commercial milestones that could exceed €75 million in due course if all these milestones are met.

The company was an ordinary shareholder in Atopix and ranks behind the preference shareholders if and when these contingent milestones are paid. The Company's shares in Atopix have a value which varies from €nil to a maximum of €2.1M and the Company does not expect to receive any such consideration before H2 2022.

REVIEW OF BUSINESS

The company has been inactive for the past year pending the results from a clinical study in Russia described above. The profit and loss account is set out on page 3 and shows a small loss for the year. The directors do not recommend the payment of a dividend.

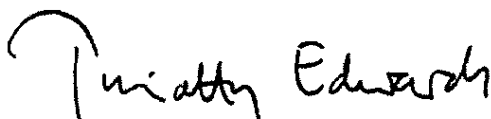
DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Professor Sir John Bell
Dr Michael Carter
Mr Tim Edwards
Dr Luke Evnin
Dr Alan Ezekowitz

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

ON BEHALF OF THE BOARD:


.....
Mr Tim Edwards - Director

Date: 22 - AUGUST - 2017
.....

Oxagen Limited (Registered number: 03246469)

Balance Sheet
31 December 2016

	Notes	2016 £	£	2015 £	£
FIXED ASSETS					
Investments	4		-		64
CURRENT ASSETS					
Debtors	5	3,278		47,021	
Cash at bank		<u>82,840</u>		<u>59,180</u>	
		86,118		106,201	
CREDITORS					
Amounts falling due within one year	6	<u>750</u>		<u>18,342</u>	
NET CURRENT ASSETS			<u>85,368</u>		<u>87,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>85,368</u>		<u>87,923</u>
CAPITAL AND RESERVES					
Called up share capital	7		1,025,569		1,025,569
Share premium			96,821,292		96,821,292
Capital redemption reserve			198,186		198,186
Retained earnings			<u>(97,959,679)</u>		<u>(97,957,124)</u>
SHAREHOLDERS' FUNDS			<u>85,368</u>		<u>87,923</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2016.

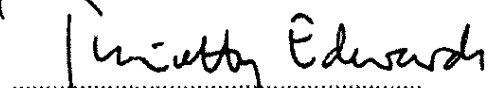
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 22-AUGUST-2017 and were signed on its behalf by:


.....
Mr Tim Edwards - Director

The notes form part of these financial statements

Oxagen Limited

Income Statement
For The Year Ended 31 December 2016

	Notes	2016 £	£	2015 £	£
TURNOVER			-		24,177
Research and development		-		38,091	
Administrative expenses		<u>6,386</u>		<u>277,817</u>	
			<u>6,386</u>		<u>315,908</u>
OPERATING LOSS			(6,386)		(291,731)
Interest receivable and similar income			<u>3,651</u>		<u>895</u>
LOSS BEFORE TAXATION			(2,735)		(290,836)
Tax on loss			<u>(180)</u>		<u>(39,716)</u>
LOSS FOR THE FINANCIAL YEAR			<u>(2,555)</u>		<u>(251,120)</u>

The notes form part of these financial statements

Oxagen Limited

Notes to the Financial Statements **For The Year Ended 31 December 2016**

1. STATUTORY INFORMATION

Oxagen Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Directors have prepared cash flow forecasts and anticipate that the Company has sufficient cash to meet its liabilities as they fall due for a period of at least 12 months from the date of this report.

The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Turnover

Turnover represents the mark-up on management services provided to Atopix Therapeutics Limited

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was nil (2015 - 3).

Oxagen Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2016

4. **FIXED ASSET INVESTMENTS**

	Interest in other participating interests £
COST	
At 1 January 2016	64
Disposals	<u>(64)</u>
At 31 December 2016	<u>-</u>
NET BOOK VALUE	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>64</u>

As at 1 January 2016, the fixed asset investment represented the cost of the Company's Ordinary shares in Atopix Therapeutics Limited. On 17 November 2016, Chiesi Farmaceutici Spa ("Chiesi"), announced that it had acquired all the outstanding shares of Atopix (including the shares held by the Company) for a total amount, inclusive of development, regulatory and commercial milestones that could exceed €75 million in due course if all these milestones are met. The Company's shares in Atopix have a value which varies from €nil to a maximum of €2.1M and the Company does not expect to receive any such consideration before H2 2022.

5. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Other debtors	<u>3,278</u>	<u>47,021</u>

6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade creditors	-	257
Taxation and social security	-	6,085
Other creditors	<u>750</u>	<u>12,000</u>
	<u>750</u>	<u>18,342</u>

7. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2016	2015
Number:	Class:		£	£
4,281,641	Ordinary Shares	£0.001	4,282	4,282
60,097,882	Series A Preference Shares	£0.001	60,098	60,098
511,111,101	Series B Preference Shares	£0.001	511,111	511,111
450,077,609	Series C Preference Shares	£0.001	<u>450,078</u>	<u>450,078</u>
			<u>1,025,569</u>	<u>1,025,569</u>

Oxagen Limited

Notes to the Financial Statements - continued **For The Year Ended 31 December 2016**

7. CALLED UP SHARE CAPITAL - continued

The Series A Preference Shares have voting rights ranking pari passu to the rights of the holders of the Ordinary Shares, but in the event of a liquidation or winding up of the company the shareholders are entitled to receive a liquidation preference amount.

The Series B Preference Shares carry the right to receive dividends at the company's discretion on a cumulative basis. They have voting rights ranking pari passu to the rights of the holders of the Ordinary Shares, but in the event of a liquidation or winding up of the company the shareholders are entitled to amounts in priority over the the Ordinary shareholders and Series A Preference shareholders.

The Series C Preference Shares have voting rights ranking pari passu to the rights of the holders of the Ordinary Shares, but in the event of a liquidation or winding up of the company the shareholders are entitled to amounts in priority over other shareholders.

8. SHARE-BASED PAYMENTS

In the past, employees were entitled to enter the company's share option scheme. No options were exercised in the year (2015: nil).

The total number of options outstanding in respect of ordinary shares at the end of the year was 24,504,548 (2015: 29,291,553) and these had all vested and were exercisable at an aggregate cost of £38,997 (2015: £43,784).