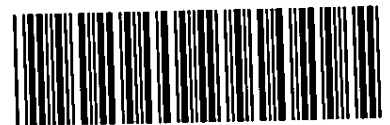


PROGENY BIOVENTURES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2009

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PROGENY BIOVENTURES LIMITED

COMPANY INFORMATION

Directors

G P Evans
I F Griffiths
A D W Newland

Secretary

I F Griffiths

Company number

03575952

Registered office

3 Frederick Sanger Road
The Surrey Research Park
Guildford
Surrey
GU2 7YD

Auditors

Baker Tilly UK Audit LLP
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

PROGENY BIOVENTURES LIMITED

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PROGENY BIOVENTURES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2009

The Directors present their Report and Financial Statements for Progeny bioVentures Limited, Company registration number 03575952, for the year ended 30 April 2009.

The Directors who held office as at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company auditors are aware of that information.

Principal activity and review of the business

The principal activity of the Company is that of a holding company for a number of biotechnology companies previously established by the Company.

Acolyte Biomedica (medical diagnostics / MRSA detection) was sold in February 2007. Progeny bioVentures' share of the proceeds included an earn-out of up to £1.7 million receivable early in 2010.

During the year a dispute has arisen between the former Acolyte shareholders and the purchaser. The Company has received legal advice that there is a strong case and that it is highly probable the action will succeed. The matter is currently being pursued by the major shareholder with the other shareholders reserving their rights; therefore the Company has limited exposure to any litigation costs at this stage. The Directors believe there will eventually be a significant return from this investment. Note 7 provides further information.

NeuroTargets is developing therapeutics for pain and nerve injury in the areas of neuropathic and inflammatory pain. NeuroTargets has operated on a low cost basis throughout the year whilst continuing to develop its technology. Since the year end, the company has secured a licensing deal to progress its galanin programme and completed work demonstrating the potential to apply its patented technology in the treatment of Multiple Sclerosis and Alzheimer's Disease, in addition to the Company's established neuropathic pain applications.

Provexis (AIM:PXS), a quoted investment in the nutraceuticals / heart health sector completed a £2.5 million fund raising during the year. Since the year end the Company disposed of its entire holding in Provexis plc for £0.5 million generating a profit of £0.3 million.

Additional information is provided in the ANGLE plc Annual Report and Accounts 2009 and subsequent news releases.

The principal risks and uncertainties facing the Company are that the portfolio companies fail to achieve commercial success, or fail to secure the necessary funding required to progress their development, or litigation is unsuccessful and as a consequence the Company is unable to realise its investment.

PROGENY BIOVENTURES LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 APRIL 2009

Results and dividends

The results for the year are set out on page 5. The Directors do not recommend the payment of a dividend for the year.

Directors

The following Directors have held office since 1 May 2008:

G P Evans
I F Griffiths
A D W Newland

Auditors

The auditor Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. 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 which 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.

By order of the Board



.....
A D W Newland
Director
28 January 2010

PROGENY BIOVENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROGENY BIOVENTURES LIMITED

We have audited the Financial Statements on pages 5 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 more fully explained in the Directors' Responsibilities Statement on page 2, 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

A description of the scope of an audit of financial statements is provided on the APB's website 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 April 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the Financial Statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 1.2 to the Financial Statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £426,381 during the year ended 30 April 2009 and, at that date, the Company's current liabilities exceeded its total assets by £1,300,965. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Financial Statements have been prepared on a going concern basis which is dependent on the continued support of the Company's ultimate parent company. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

PROGENY BIOVENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PROGENY BIOVENTURES LIMITED (Continued)

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:

- 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.



Colin Roberts (Senior Statutory Auditor)
For and on behalf of Baker Tilly UK Audit LLP
Statutory Auditor, Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

28 January 2010

PROGENY BIOVENTURES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2009

	Notes	2009 £	2008 £
Turnover	2	2,139	3,763
Operating costs	3	(27,524)	(591)
Operating profit / (loss)		(25,385)	3,172
Profit / (loss) on increase / (decrease) in value of current asset investment	6	(255,753)	(207,800)
Profit / (loss) on increase / (decrease) in value of other receivables	7	(145,243)	-
Profit / (loss) on ordinary activities before taxation		(426,381)	(204,628)
Tax on profit / (loss) on ordinary activities	4	-	-
Profit / (loss) on ordinary activities after taxation	10	(426,381)	(204,628)
		=====	=====

The profit and loss account has been prepared on the basis that all operations are continuing operations.

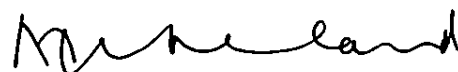
There are no recognised gains and losses other than those passing through the profit and loss account.

PROGENY BIOVENTURES LIMITED

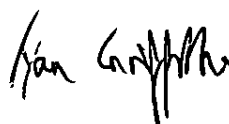
BALANCE SHEET AS AT 30 APRIL 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	5	-	-
Current assets			
Investments	6	255,754	511,507
Debtors – due after one year	7	540,980	686,223
		<u>796,734</u>	<u>1,197,730</u>
Creditors: amounts falling due within one year	8	(2,097,699)	(2,072,314)
Net current assets / (liabilities)		<u>(1,300,965)</u>	<u>(874,584)</u>
Net assets / (liabilities)		<u>(1,300,965)</u> =====	<u>(874,584)</u> =====
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	(1,301,965)	(875,584)
Shareholders' funds	11	<u>(1,300,965)</u> =====	<u>(874,584)</u> =====

The Financial Statements on pages 5 to 13 were approved by the Board of Directors and authorised for issue on 28 January 2010 and are signed on its behalf by:



.....
A D W Newland
Director



.....
I F Griffiths
Director

PROGENY BIOVENTURES LIMITED

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

1 Accounting policies

1.1 Accounting convention

The Financial Statements are prepared under the historical cost convention. The Financial Statements are prepared in accordance with applicable United Kingdom accounting standards.

The Directors have, in accordance with the Companies Act 2006, departed from the standard format of the profit and loss account in presenting the Financial Statements. Profits and losses on disposals or impairments of fixed asset investments are included within operating profit as these represent a return from a principal class of business activity. Where the disposal is not entirely in cash, for example, it includes shares or an earn-out, then any subsequent change in value is outside of the Company's control and is shown below operating profit. Other material disposals of fixed assets, such as property, that are not part of the main business activities are shown below operating profit in accordance with the Companies Act 2006 and Financial Reporting Standard 3 – Reporting Financial Performance.

On the grounds the Company is a small company, as defined in the Companies Act 2006, the Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 and has therefore not prepared a cash flow statement.

1.2 Going concern

After making enquiries, the Directors have a reasonable expectation that the ultimate parent company, ANGLE Plc, will continue to support and develop the Company. The Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to continue in operational existence for the foreseeable future. The validity of this assumption depends on the ultimate parent company continuing to provide the funds necessary to support the Company and not demanding the repayment of the amounts owed to group undertakings for a period of at least 12 months from the date of approval of these Financial Statements.

If the Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the Directors are presently uncertain as to the outcome of the matters referred to above, they believe that it is appropriate for the Financial Statements to be prepared on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of value added tax.

1.4 Research and Development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

PROGENY BIOVENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 APRIL 2009

1.5 Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.6 Fixed asset investments

Fixed asset investments are carried at the lower of pre-transaction carrying amount or cost, less provision for permanent diminution in value. Carrying values are reviewed on a regular basis by the Directors. Provisions for permanent diminution in value are based upon an assessment of events or changes in circumstances that indicate an impairment has occurred. The Company holds all equity investments exclusively as part of its investment portfolio, with a view to their disposal and the ultimate realisation of capital gains.

The Directors consider that treating all investments consistently as a single asset class allows a better understanding of the Company's activities by removing the accounting variability of associate accounting methods.

All of the Company's participating interests are in companies and are referred to as "investments" throughout these Financial Statements.

1.7 Current asset investments

Short term investments are classified as current assets and are valued at the bid price at the balance sheet date.

1.8 Other receivables

Other receivables comprise the potential return from earn-outs or legal actions and are classified as current assets and shown as a debtor. Earn outs are a deferred payment conditional on the future performance of the acquired asset and are shown on the balance sheet at an estimated value. The Directors consider a number of valuation methodologies including a "balance of probabilities" and discounted cash flow in order to determine value. The earn-out is revalued based on any new information received relating to progress against plans, levels of sales and any other relevant factors. Legal actions may arise where the acquirer has not performed in accordance with the Share Purchase Agreement and, where the Directors believe there is a strong case, this is shown on the balance sheet at an estimated value of the payout. The value may be revised as future information becomes available.

1.9 Group accounts

The Financial Statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared group accounts as it is exempt from the requirement to do so by the Companies Act 2006 as it is a subsidiary undertaking of ANGLE Technology Limited, which is a wholly owned subsidiary of ANGLE plc, a company incorporated in Great Britain, and is included in the consolidated accounts of that company.

PROGENY BIOVENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 APRIL 2009

2 Turnover

The £2,139 total turnover of the Company (2008 - £3,763) has been derived from the provision of Management Support Services to Ventures in the UK.

3 Operating costs

	2009 £	2008 £
Auditors' remuneration - non-audit work	2,700	-
Other operating costs	24,824	591
Other operating costs	<u>27,524</u>	<u>591</u>
	=====	=====

Auditors' remuneration in respect of audit services has been borne by the parent company.

4 Tax on profit /(loss) on ordinary activities

As a result of the Company's furtherance of its core activity of developing its biotechnology companies, taxable losses have been incurred which are available for offset against future taxable profits. The Company is also eligible for, and takes advantage of, the substantial shareholdings relief UK corporation tax exemption. This results in the gain from any disposals of UK investments where the Group has an equity stake greater than 10%, and subject to certain other tests, being free of corporation tax. A deferred tax asset has not been recognised in respect of these losses as the Company does not anticipate taxable profits to arise within the immediate future.

	2009 £	2008 £
Current tax:		
UK corporation tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on profit /(loss) on ordinary activities	<u>-</u>	<u>-</u>
	=====	=====

The estimated value of the deferred tax asset not recognised, measured at a standard rate of 28% is £374,823 (2008: £374,823).

UK corporation tax

Profit / (loss) on ordinary activities before tax	(426,381)	(204,628)
	=====	=====
Tax on profit / (loss) on ordinary activities at 28% (2008: 29.84%)	(119,387)	(61,061)
Factors affecting tax charge:		
Disallowable expenses	3,597	(1,297)
Diminution in value of investment	112,279	62,007
Surrendered to group relief	3,511	351
Current tax charge for year	<u>-</u>	<u>-</u>
	=====	=====

PROGENY BIOVENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 APRIL 2009

5 Fixed asset investments

	Cost £	Net Book Value £
Shares in investments		
At 1 May 2008 and at 30 April 2009	50,799	-
	=====	=====

Investments held at the year end comprise the following:

Company	Principal activity	Class	Shares held %
NeuroTargets Limited ⁽¹⁾⁽²⁾⁽³⁾	New drug targets	Ordinary	23.29

(1) Incorporated in Great Britain.

(2) The effective holdings shown are before the effects of any dilutive share options or warrants or convertible loans within the individual investments.

(3) Recent financial statements are not always publicly available and management information is deemed commercially sensitive. Net assets and profit / (loss) figures are therefore based on publicly available information – results statements or the most recently filed Accounts with Companies House.

The aggregate amount of capital and reserves and the results of these investments for the last relevant financial year were as follows:

	Date of financial statements	Net Liabilities £	Loss for the year £
NeuroTargets Limited	30/04/2009	(249,692)	(14,447)
		=====	=====

6 Current asset investments

	2009 £	2008 £
Net Book value		
Opening balance	511,507	719,307
Change in value	(255,753)	(207,800)
Closing balance	255,754	511,507
	=====	=====
Market value		
Listed investments at 30 April	255,754	511,507
	=====	=====

Current asset investments are valued at the bid price at the balance sheet date. They comprise shares in Provexis plc which is listed on the Alternative Investment Market.

PROGENY BIOVENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 APRIL 2009

7 Debtors	2009	2008
	£	£
Amounts falling due after one year		
Other receivables	540,980	686,223
	=====	=====

Other receivables relates to the current value ascribed to the potential of up to £1.7 million in final payment from the sale of Acolyte Biomedica.

During the year a dispute has arisen between the former Acolyte shareholders and the purchaser. The Company has received legal advice that there is a strong case and that it is highly probable that an action will succeed. The matter is currently being pursued by the major shareholder with the other shareholders reserving their rights; therefore Progeny bioVentures has limited exposure to any litigation costs at this stage.

Based on the currently available information and legal advice, the Directors believe that there will eventually be a significant return from this investment, although indications are that this may take longer to resolve than previously anticipated. In view of the dispute, it is difficult to form a reliable estimate of the value of this investment. In present circumstances, the Directors believe that it is appropriate to hold the asset at its last value, but to discount this further for the time value of money recognising it may take longer to resolve the matter. The Directors note that the value may be revised in the future as further information becomes available.

8 Creditors: amounts falling due within one year	2009	2008
	£	£
Other taxes and social security costs	-	45
Accruals and deferred income	2,700	-
Amounts owed to group undertakings	2,094,999	2,072,269
	<u>2,097,699</u>	<u>2,072,314</u>
	=====	=====

9 Share capital	2009	2008
Allotted, called up and fully paid		
950 (2008: 950) Ordinary 'A' shares of £1 each	950	950
50 (2008: 50) Ordinary 'B' shares of £1 each	50	50
	<u>1,000</u>	<u>1,000</u>
	=====	=====

The 'A' shares have voting rights while the 'B' shares have no voting rights. In all other respects the shares rank pari passu.

PROGENY BIOVENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 APRIL 2009

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2008	(875,584)
Retained profit / (loss) for the year	(426,381)
	<hr/>
Balance at 30 April 2009	(1,301,965)
	=====

11 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit / (loss) for the financial year	(426,381)	(204,628)
Opening shareholders' funds	(874,584)	(669,956)
	<hr/>	<hr/>
Closing shareholders' funds	(1,300,965)	(874,584)
	=====	=====

12 Employment

There were no employees during the year apart from the Directors, who received no emoluments. Staffing resources are provided by other Group companies.

13 Related party transactions

The Company provided executive management and support services to investments as follows:

Name	Relationship	Description	Revenues for year £	Year end Debtor £
2009				
NeuroTargets	Associate	Management Services	2,139	-
2008				
NeuroTargets	Associate	Management Services	3,763	-
			=====	=====

The Company has received working capital funding and executive management and support services from its parent company ANGLE Technology Limited of £22,729 (2008: £29,367). There is an outstanding balance owed to ANGLE group companies at 30 April 2009 of £2,094,999 (2008: £2,072,269) in respect of these services.

PROGENY BIOVENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 APRIL 2009

13 Related party transactions (Continued)

Directors' interests

The Directors' beneficial interests in the share options of the ultimate holding company, ANGLE plc, were as stated below:

	Ordinary shares of 10p each	
	30 April 2009	1 May 2008
G P Evans	602,306	602,306
I F Griffiths	407,619	407,619
A D W Newland	688,675	688,675

14 Control

The parent undertaking of the largest group for which group accounts are prepared and of which the company is a member is ANGLE Plc, the company's ultimate holding company, which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.