

Company Registration No 4305857 (England and Wales)

INHIBOX LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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INHIBOX LIMITED**COMPANY INFORMATION**

Directors	Prof W G Richards P Finn Dr B Porter A Naylor (Appointed 25 June 2009) P Davie (Appointed 30 April 2010)
Secretary	J M Parish
Company number	4305857
Registered office	Pembroke House 36-37 Pembroke Street Oxford Oxfordshire OX1 1BP
Independent Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Business address	Pembroke House 36-37 Pembroke Street Oxford Oxfordshire OX1 1BP

INHIBOX LIMITED

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INHIBOX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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

Principal activities

The principal activity of the company during the year continued to be the development of novel computational methods for drug discovery in order to improve the productivity of lead and candidate drug identification

Directors

The following directors have held office since 1 January 2009

Prof W G Richards

P Finn

J Westergren

(Resigned 25 June 2009)

Dr B Porter

A Naylor

(Appointed 25 June 2009)

J Q Davies

(Resigned 25 June 2009)

P Davie

(Appointed 30 April 2010)

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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.

INHIBOX LIMITED

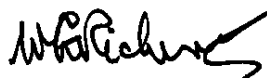
**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

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

On behalf of the board



Prof W G Richards

Director
23/9/10

INHIBOX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INHIBOX LIMITED

We have audited the financial statements of Inhibox Limited for the year ended 31 December 2009 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

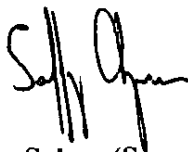
INHIBOX LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF INHIBOX LIMITED**

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



**Jonathan Sykes (Senior Statutory Auditor)
for and on behalf of Saffery Champness**

29 September 2010

**Chartered Accountants
Statutory Auditors**

Lion House
Red Lion Street
London
WC1R 4GB

INHIBOX LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

		2009	2008
	Notes	£	£
Turnover		65,714	69,446
Administrative expenses		(373,900)	(618,653)
Other operating income		145,053	158,425
Operating loss	2	(163,133)	(390,782)
Other interest receivable and similar income	3	71	10,096
Interest payable and similar charges		(416)	-
Loss on ordinary activities before taxation		(163,478)	(380,686)
Tax on loss on ordinary activities	4	-	16,690
Loss for the year	12	(163,478)	(363,996)

The notes on pages 7 to 13 form part of these financial statements

INHIBOX LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
Fixed assets			
Intangible assets	5	14,290	17,646
Tangible assets	6	1,105	13,196
Investments	7	1	1
		<u>15,396</u>	<u>30,843</u>
Current assets			
Stocks		110	110
Debtors	8	14,166	103,550
Cash at bank and in hand		266,861	124,844
		<u>281,137</u>	<u>228,504</u>
Creditors: amounts falling due within one year	9	<u>(300,240)</u>	<u>(99,576)</u>
Net current (liabilities)/assets		<u>(19,103)</u>	<u>128,928</u>
Total assets less current liabilities		<u>(3,707)</u>	<u>159,771</u>
Capital and reserves			
Called up share capital	11	3,256	3,256
Share premium account	12	1,830,261	1,830,261
Profit and loss account	12	<u>(1,837,224)</u>	<u>(1,673,746)</u>
Shareholders' funds		<u>(3,707)</u>	<u>159,771</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The notes on pages 7 to 13 form part of these financial statements

Approved by the Board for issue on 23/9/10

P.W. Finn.

P Finn
Director



P Davie
Director

Company Registration No. 4305857

INHIBOX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2008)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts invoiced to third parties for rent and other miscellaneous services, net of VAT and trade discounts

1.4 Patents

Intangible assets are recorded at cost, and amortised over their estimated useful economic life, as follows

Intellectual property licence and trademarks	- 10% on cost, straight line
Patents	- straight line over the life of the patent

1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.6 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 less estimated residual value of each asset over its expected useful life, as follows

Land and buildings leasehold	- Over 2 years
Computer equipment	- Over 3 years
Fixtures, fittings & equipment	- Over 4 years

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

INHIBOX LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009****1 Accounting policies (continued)****1.9 Government grants**

A grant was received during the year from the Commission of the European Communities for a project that researched the Design of zinc metalloenzyme targeted drugs using an Integrated Technology approach. The grant income was the money received in the year ended 31 December 2009.

2 Operating loss	2009 £	2008 £
Operating loss is stated after charging		
Amortisation of intangible assets	3,356	4,038
Depreciation of tangible assets	12,092	21,820
Auditors' remuneration	6,000	7,150
Directors' emoluments (executive directors)	90,000	90,000
and after crediting		
Government grants	<u>145,053</u>	<u>158,425</u>
3 Investment income	2009 £	2008 £
Bank interest	<u>71</u>	<u>10,096</u>
	<u>71</u>	<u>10,096</u>
4 Taxation	2009 £	2008 £
U.K. current year taxation		
U K corporation tax	<u>-</u>	<u>(16,690)</u>

On the basis of these financial statements no provision has been made for corporation tax.

INHIBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

5 Intangible fixed assets

	Patents and other intellectual property £
Cost	
At 1 January 2009	33,557
Disposals	(1,118)
	<u>32,439</u>
At 31 December 2009	
Amortisation	
At 1 January 2009	15,911
Charge for the year	2,238
	<u>18,149</u>
At 31 December 2009	
Net book value	
At 31 December 2009	<u>14,290</u>
At 31 December 2008	<u>17,646</u>

6 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2009 & at 31 December 2009	11,725	82,042	93,767
	<u>11,725</u>	<u>82,042</u>	<u>93,767</u>
Depreciation			
At 1 January 2009	11,725	68,846	80,571
Charge for the year	-	12,091	12,091
	<u>11,725</u>	<u>80,937</u>	<u>92,662</u>
At 31 December 2009			
Net book value			
At 31 December 2009	-	1,105	1,105
	<u>-</u>	<u>1,105</u>	<u>1,105</u>
At 31 December 2008	-	13,196	13,196
	<u>-</u>	<u>13,196</u>	<u>13,196</u>

INHIBOX LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009****7 Fixed asset investments**

	Unlisted investments £
Cost	
At 1 January 2009 & at 31 December 2009	<u>1</u>
Net book value	
At 31 December 2009	<u>1</u>
At 31 December 2008	<u>1</u>

This represents a 13% stake in MolPort SIA, a company limited by share capital and incorporated in Latvia

8 Debtors	2009 £	2008 £
Trade debtors	4,025	41,155
Other debtors	<u>10,141</u>	<u>62,395</u>
	<u>14,166</u>	<u>103,550</u>

No provision has been made for the deferred tax asset arising in respect of losses carried forward. This is because there is no certainty when taxable profits will arise against which these losses can be offset.

9 Creditors: amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	-	394
Trade creditors	68,973	51,221
Taxation and social security	3,914	13,969
Other creditors	<u>227,353</u>	<u>33,992</u>
	<u>300,240</u>	<u>99,576</u>

INHIBOX LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009****10 Pension costs****Defined contribution**

	2009 £	2008 £
Contributions payable by the company for the year	<u>12,803</u>	<u>18,185</u>

11 Share capital

	2009 £	2008 £
Authorised		
397,500 Ordinary shares of 1p each	3,975	3,975
2,500 Deferred shares of 1p each	<u>25</u>	<u>25</u>
	<u>4,000</u>	<u>4,000</u>

Allotted, called up and fully paid
323,110 Ordinary shares of 1p each
2,500 Deferred shares of 1p each

3,231	3,231
<u>25</u>	<u>25</u>
<u>3,256</u>	<u>3,256</u>

12 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	1,830,261	(1,673,746)
Loss for the year	<u>-</u>	<u>(163,478)</u>
Balance at 31 December 2009	<u>1,830,261</u>	<u>(1,837,224)</u>

INHIBOX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2009

13 Share based payments

During the year ended 31 December 2006, the Company operated a share option plan, under which 4,120 options have been granted to 1 employee at an exercise price of 1p. The options can be exercised at any time between 1 February 2006 and 31 March 2016. The options were subsequently cancelled in June 2010.

During the year ended 31 December 2006, the Company operated an EMI share option plan, under which 5,000 options have been granted to 1 employee at an exercise price of 1p. The options can be exercised at any time between 1 February 2006 and 31 March 2016. The options were subsequently cancelled in June 2010.

During the year ended 31 December 2008, the Company has granted a further 5,132 options at an exercise price of £29.54 to 4 employees under its EMI share option plan. Of these options, 3,524 lapsed during the year ended 31 December 2010.

In September 2010 new options of 193,964 were granted under the EMI share option plan.

14 Control

The company has no controlling party.

15 Related party transactions

During the year the company was charged £25,000 (2008 £43,296) in fees by SRC Oxford Limited. SRC Oxford Limited is a 100% owned subsidiary of Scientific Research Capital Limited of which Mr J Westergren and Mr J Q Davies have a beneficial interest in the share capital and of which Mr J Westergren and Mr J Q Davies are Directors.

At the balance sheet date the amount of £21,733 (2008 £18,413) was owed to SRC Oxford Limited and is included in trade creditors.

At the Balance sheet date the amount of £nil (2008 £11,750) was owed from Union Life Sciences Limited and is included in trade debtors. At the Balance sheet date the amount of £733 (2008 £733) was owed from Pembroke House Technologies. These transactions were carried out on normal commercial terms.

Included within directors fees are the following amounts paid to non-executive directors for the year, W Richards £5,000 (2008 £5,000) and B Porter £5,000 (2008 £5,000). At the year end the following amounts were outstanding and included within accruals, W Richards £5,000 (2008 £5,000) and B Porter £5,000 (2008 £5,000).

INHIBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

16 Post balance sheet events

On 7th June 2010 the company issued 750,799 ordinary shares of 1p each for a total consideration of £232,748