Targeting cancer

Antisoma plc
Annual Report and Accounts 2009

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Antisoma is a biotechnology company specialising in the development and commercialisation of novel drugs for the treatment of cancer

Highlights

ASA404 programme advances and expands

- Strong partnership maintained with Novartis
- Phase III trial in first-line lung cancer completes enrolment of 1,200 patients (September 2009)
- Phase III trial in second-line lung cancer initiated
- Breast cancer selected as next indication for development

AS1413 development gains momentum

- Phase III trial in secondary AML expanded
- Phase II trial shows durable responses in secondary AML

AS1411 programme advances

- Positive data from phase II trial in AML
- Plans announced for phase IIb development in AML
- Phase II trial in renal cancer completes patient enrolment

Value realised from oral fludarabine asset

- Drug approved by FDA
- Divested to sanofi-aventis in $65 million deal

Strong cash position

- Oral fludarabine divestment extends cash runway to mid-2011
- Cash life now extends beyond expected timing of key phase III data
- Cash and short-term deposits of £67.0 million at 30 June 2009
- Full-year loss of £16.4 million

Joint Chief Executive's and Chairman's statement

Glyn Edwards
Chief Executive Officer

Barry Price
Chairman

Overview

We have seen excellent progress this year on both of our phase III drugs, ASA404 and AS1413. Our partner Novartis has advanced and expanded the ASA404 programme in lung cancer. Meanwhile, we have enlarged the AS1413 phase III trial in secondary acute myeloid leukaemia (secondary AML) and reported new data supporting this trial. We have also presented positive phase II data for a third product, AS1411, and were successful in gaining FDA approval for – and then divesting – a non-core asset, oral fludarabine. With the funds from this divestment, we have sufficient cash to fund all our priority programmes until mid-2011, which is after the time we expect key phase III data for both ASA404 and AS1413. We are therefore confident in our ability to reach these two potentially transformational sets of results within the current cash life of the business.

ASA404 programme advances and expands

Our Tumour-Vascular Disrupting Agent, ASA404, is making good progress in the capable hands of our partner, Novartis. Earlier this month, we announced that the 1,200-patient phase III trial (ATTRACT-1), testing the drug as a first-line treatment for non-small cell lung cancer (the main form of lung cancer), had completed patient enrolment. ATTRACT-1 builds on phase II data showing a five-month improvement in median survival when ASA404 was added to standard first-line chemotherapy for lung cancer. We expect that final data from the ATTRACT-1 study will be available in late 2010 or early 2011 and that filings for marketing licences will follow during 2011 if these data are positive.

In January Novartis started a second, 900-patient phase III trial (ATTRACT-2), testing ASA404 in patients who have already received one round of treatment for non-small cell lung cancer. This trial is designed to support applications to market ASA404 as a second-line treatment. We are very pleased that Novartis has decided to evaluate ASA404 in both the first-line and second-line settings, as this will ensure that a broad spectrum of lung cancer patients could be eligible for treatment with the drug.

During the year, the results of the two phase II trials supporting phase III development in lung cancer were published in the *British Journal of Cancer* and *Lung Cancer*. We also announced further encouraging findings from a phase II trial in prostate cancer.

In February, we announced that Novartis had decided on priorities for the further development of ASA404. After lung cancer, the next priority will be HER2-negative metastatic breast cancer. The decision to expand the development programme to include breast as well as lung cancer underlines the broad potential of ASA404.

In addition to the $100 million that we have already received from Novartis, we can earn substantial further milestone payments based on progress of ASA404 in development and achievement of sales targets. We will also earn royalties on all sales of the drug worldwide, and have a strategically important option to co-commercialise ASA404 in the US.

AS1413 development gains momentum

AS1413 is a novel chemotherapy drug with promising potential as a treatment for blood cancers. A key property of AS1413 is its ability to evade multi-drug resistance mechanisms. These are molecular pumps used by cancer cells to expel drugs, including some of the major chemotherapies in use today. By evading these mechanisms, AS1413 has the potential to work in settings where other treatments are compromised.

> “We are moving forward with our plan to transform Antisoma from a drug development company into a business with marketed oncology products.”
>
> **Barry Price**
> Chairman

We are developing AS1413 initially as a treatment for secondary AML, a form of AML that evolves from prior bone marrow disease or develops following radiotherapy or chemotherapy for other cancers. Patients with secondary AML often have multi-drug resistant disease and there are no drugs approved specifically for this condition.

We are enrolling patients into a pivotal, randomised phase III trial of AS1413 in secondary AML. This trial, called ACCEDE, compares AS1413 plus cytarabine with daunorubicin plus cytarabine, the most common initial treatment for AML. It is being conducted under a Special Protocol Assessment (SPA) agreed with the US Food and Drug Administration (FDA). During the period, we gained agreement from the FDA for an expansion of the trial to 450 patients. In tandem with this expansion, we have increased the number of hospitals involved in the study in the US and opened the trial to recruitment in a variety of countries across Europe, Asia, Australia and Latin America.

The ACCEDE study builds on data from an 88-patient phase II trial of AS1413 in secondary AML. This reported a 39% complete remission rate in patients receiving AS1413 plus cytarabine, which compares favourably with rates of around 25% seen in secondary AML patients receiving daunorubicin plus cytarabine in two previous studies. Long-term follow up data from the AS1413 phase II trial were presented at the American Society of Hematology (ASH) meeting in December. These included the highly encouraging finding that among those patients who showed a complete response to treatment, some 40% were still in remission 18 months after receiving AS1413.

Data from the ACCEDE trial are expected to be available in late 2010 or early 2011. Should results be positive, we plan to market the drug ourselves in the US while seeking partners for marketing in other countries. We believe that beyond the initial opportunity in secondary AML, AS1413 could also have potential in a variety of other blood cancer settings.

AS1411 development advances

Our aptamer drug AS1411 has been the subject of considerable interest this year, with the reporting of the first phase II data on the drug and further data expected in the near future.

At the most recent ASH and ASCO meetings, we reported data from a phase II trial in AML – the first randomised trial to test an aptamer drug as a treatment for cancer. Combination of AS1411 with high-dose chemotherapy increased the response rate compared with chemotherapy alone in patients with disease unresponsive to or relapsed after other treatments. This was achieved without any significant increase in side effects. Following these positive findings, we are planning phase IIb studies with AS1411 in AML. These will be designed to identify the best way for us to approach a pivotal study that would support applications for marketing.

In parallel with the trial in AML, we have been running a single-arm phase II trial in renal cancer. This completed patient enrolment in May, and is expected to report initial data later this year and final data in the first half of 2010.

Like AS1413, AS1411 is unpartnered. We plan to continue development through late-stage trials and to commercialise the product ourselves in the US while seeking partners for other territories.

Joint Chief Executive's and Chairman's statement continued

> "We have made important progress this year, with gathering momentum on our two phase III programmes, positive phase II data for a third product and our first product approval from the FDA. With the pipeline maturing, we now have a dual focus on driving products towards regulatory approvals and on building a strong platform for product commercialisation."

Glyn Edwards
Chief Executive Officer

Other pipeline developments

We have had a number of developments in our earlier stage pipeline. We discontinued development of our antibody drug AS1402 when it became clear that a phase II trial in breast cancer was very unlikely to yield sufficiently positive efficacy data to support further development. Our antibody-cytokine fusion protein, AS1409, completed a phase I trial in melanoma and renal cancer, providing encouraging evidence of anti-cancer activity which was presented at the ASCO meeting in June. We are now considering next steps for this product. Our phase I radiolabelled peptide, P2045, was divested to Bryan Oncor, a company with a focus on radiopharmaceuticals. Finally, we continue to make progress with our pre-clinical programmes, including AMPK activators licensed from Betagenon; PPM1D inhibitors being developed through a collaboration with The Institute of Cancer Research; and the Flt-3 programme in autoimmune diseases, acquired last year with Xanthus Pharmaceuticals.

Value realised from oral fludarabine asset

Antisoma acquired oral fludarabine with the acquisition of Xanthus in June 2008. In December, we were successful in gaining FDA approval for the marketing of this drug in chronic lymphocytic leukaemia (CLL). This enabled us to conclude, as planned, a lucrative divestment deal. In May, we sold our rights to market the drug in the US to sanofi-aventis in return for an initial payment of $60 million (£39.4 million).

Strong cash position maintained

Antisoma expects its cash resources to last until mid-2011, beyond the time when data are expected from the key phase III studies of ASA404 and AS1413. Divesting of oral fludarabine has removed any potential funding shortfall up to the phase III results. We finished the period with cash and short-term deposits of £67.0 million, which is similar to last year (2008: £66.9 million).

Total revenues for the year ended 30 June 2009 were £25.2 million, compared with £39.5 million last year. This year's revenues reflect recognition of the balance of the $100 million up-front and lung cancer phase III initiation milestones from Novartis (£5.4 million) and half of the $60 million up-front payment from sanofi-aventis (£19.7 million). The balance of the sanofi-aventis up-front payment is expected to be recognised in the financial year 2009-2010.

Total operating expenses have increased from £28.7 million last year to £40.8 million this year, mainly reflecting an increase in research and development (R&D) costs from £22.2 million to £35.9 million. General and administrative costs were £4.9 million (2008: £6.5 million).

We have recorded a full-year loss of £16.4 million, compared with a profit of £12.3 million last year. At this stage in our development, profits and losses reflect the balance between recognition of deferred revenues and our ongoing operating expenses. This year, operating expenses exceeded the revenues recognised from the Novartis and sanofi-aventis deals.

A full commentary on our financial results is provided in the Financial review.

Preparing for commercialisation

In line with our plan to become a company that markets as well as develops cancer drugs, we have made two appointments of individuals with significant commercial experience. Eric Dodd joined in November as Chief Financial Officer, following a career in technology businesses, and Michael Lewis, until recently a senior commercial executive at the medical device company Gambro, has joined our Board as a Non-Executive Director. The Board wishes to thank Raymond Spencer, our former Chief Financial Officer who left Antisoma in December 2008, for his contribution to the development of the Company.

Outlook

We anticipate important pipeline developments in the near future, notably the initiation by Novartis of trials to evaluate ASA404 in a second major cancer indication, metastatic breast cancer. We will also be reporting the first data from our phase II trial of AS1411 in renal cancer before the end of the year, with final data to follow in the first half of 2010.

More broadly, we are moving forward with our plan to transform Antisoma from a drug development company into a business with marketed oncology products. With two drugs now well into phase III testing, our pipeline is advancing in a manner that clearly fits with this objective. The recent announcement that the key phase III trial of ASA404 in lung cancer is fully enrolled emphasises our proximity to potential marketing applications and opportunities to begin generating sustainable revenues from product sales. We look forward to the next period of evolution, confident in the knowledge that we have the financial and human resources to support the advancement of our key assets towards commercialisation.

Glyn Edwards
Chief Executive Officer

Barry Price
Chairman

Financial review

Eric Dodd
Chief Financial Officer

The following review should be read in conjunction with the consolidated financial statements and related notes on pages 26 to 56 of this Annual Report.

Overview

Antisoma has continued to invest in clinical trials of its major products. The Group has two products in final-stage clinical trials. These are AS1413, for which Antisoma is currently conducting a phase III trial; and ASA404, the subject of a worldwide development and commercialisation agreement with Novartis. Under this agreement, Novartis is funding all further development of ASA404, including two ongoing phase III trials.

During the year, the Group gained approval from the US FDA for a non-core asset, oral fludarabine, and subsequently realised £39.4 million of cash by divesting this product to sanofi-aventis. This transaction is expected to increase the Group's cash runway by a further year to mid-2011.

Substantially all of the Group's revenues, expenditures, operating profits or losses and net assets are attributable to research and development (R&D) activity and to preparations for commercialisation of the Group's products.

Revenues are derived primarily from the realisation of value from the Group's product portfolio through licensing and divestment opportunities. In the current year, the Group recognised £25.2 million of revenue.

Results of operations

Revenues

The Group recorded revenues totalling £25.2 million in the year ended 30 June 2009 (2008: £39.5 million). During the year Antisoma recognised revenue of £19.7 million from the divestment of oral fludarabine, which is explained in more detail below. The other revenue recognised in both financial years is derived from an up-front payment of $75.0 million from Novartis received in April 2007 and a further milestone payment of $25.0 million received in April 2008. Recognition of revenues from these payments was spread over the period to July 2008 based on Antisoma completing its obligations under the agreement with Novartis in August 2008. Revenues also included £0.1 million (2008: £0.4 million) in respect of services and materials supplied to Novartis in connection with ongoing development of ASA404.

Trading result

Antisoma made an operating loss for the year of £24.6 million (2008: profit £10.8 million). Income in the current year from the divestment of oral fludarabine and milestone payments from Novartis was £23.4 million lower than the income in the prior financial year. The full-year impact on operating loss from the acquisition of Xanthus in June 2008 was £16.0 million.

Divestment of oral fludarabine

In May, the Group divested US rights to oral fludarabine for an up-front payment of £39.4 million ($60.0 million) and five further annual payments of £0.6 million ($1.0 million) contingent on the absence of generic competition to the product in the marketplace. £19.7 million of the up-front consideration was deferred as the specific criteria for recognition under IFRS had not been met by the year end.

Research and development

Total R&D costs have increased to £35.9 million from £22.2 million in 2008. This reflects the Group's commitment to invest in advancing its promising pipeline of cancer drugs and the expansion of that pipeline following the acquisition of Xanthus. Key elements of the R&D spend were costs relating to the phase III trial of AS1413 and to phase II trials of AS1411 and AS1402.

> "The successful divestment of oral fludarabine to sanofi-aventis has added significantly to our cash resources, further strengthening our balance sheet. We can now fund all our priority programmes until mid-2011, beyond the time we expect key phase III data for ASA404 and AS1413."
>
> **Eric Dodd**
> Chief Financial Officer

General and administrative

General and administrative (G&A) costs have decreased to £4.9 million from £6.5 million last year. Underlying costs excluding the impact of foreign exchange have increased by £1.1 million as a result of incorporating the costs of the Group's US operation (formerly Xanthus) for a full year and one-off integration costs incurred in the year. Net gains on foreign exchange of £2.2 million were recorded in the year (2008: loss of £0.5 million).

Finance income

Interest receivable decreased from £2.6 million to £1.8 million, in line with substantially lower interest rates in the year and lower average balances of cash and cash equivalents held during the year. Net foreign exchange gains on cash, cash equivalents and short-term deposits was £3.2 million (2008: £nil) as a result of the appreciation of the US Dollar against Sterling in the first half of the year.

Taxation

UK corporation tax contains favourable provisions for certain qualifying R&D activities that have enabled the Group to claim enhanced tax deductions ('R&D tax credits'), which exceed the cost of such R&D activities. These R&D tax credits may be used to supplement trading losses that are carried forward against future profits or surrendered for a cash rebate at the prevailing rates. The Group has recognised £2.9 million of income in the current year in respect of R&D tax credits that will be claimed as cash rebates.

The Group has significant brought forward losses against which trading profits can be offset. The Group will be able to carry back tax losses from the current year to recover the tax charge sustained in the previous year.

Liquidity and capital resources

Cash, cash equivalents and short-term deposits at 30 June 2009 were £67.0 million (2008: £66.9 million).

Net cash used in operating activities reduced to £1.6 million from £10.7 million in 2008. The change reflects the timing of cash receipts from Novartis and sanofi-aventis, as well as underlying operating expenses, interest and taxation.

Current liabilities have increased to £29.0 million as at 30 June 2009 from £16.2 million as at 30 June 2008, reflecting the increase in deferred income resulting from the disposal of oral fludarabine when compared to the deferred income from the Novartis agreement at the end of the prior financial year.

The Group expects current cash resources to support the continuing development of its key programmes through to mid-2011, beyond the time when phase III results are expected for the Group's two most advanced products in development.

The Group holds its cash in its principal operating currencies in proportion to planned expenditure over the current cash runway. This will lead to volatility in the Group's income statement because of revaluation of cash balances in Sterling terms, but will provide a natural hedge to the forecast foreign currency spend of the Group.

In managing the Group's cash resources in the current economic environment, we have maintained a conservative treasury policy with short deposit terms and diversified counterparty risk.

Earnings per share

The loss per ordinary share was 2.7p compared with earnings per share of 2.7p in 2008.

Eric Dodd
Chief Financial Officer
24 September 2009

Board of Directors

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01: Barry Price, BSc, PhD, FRSC
Non-Executive Chairman
Barry, 66, was appointed to the Board of Antisoma in April 1997 and became Chairman in February 1998. He is also a Non-Executive Director of Shire plc and Chairman of Summit plc. He has previously held the positions of Director at Chiroscience plc, Celltech Group plc and Pharmagene plc and Director of Primary Production at Glaxochem Ltd.

02: Glyn Edwards, BSc, MBA, MBE
Chief Executive Officer
Glyn, 54, was appointed Chief Executive Officer in March 1998. He is an Executive Director of Antisoma plc and its subsidiary undertakings. Glyn has a BSc in Biochemistry from Bristol University and an MSc in Economics from the London Business School. Prior to joining Antisoma he was Director of Business Development at Therapeutic Antibodies.

03: Ursula Ney, BSc, PhD, MBA
Chief Operating Officer
Ursula, 57, was appointed Chief Operating Officer in February 2004. She is an Executive Director of Antisoma plc. Prior to joining Antisoma she was Chief Executive Officer of Charterhouse Therapeutics Ltd. Before her time at Charterhouse she spent 14 years at Celltech, where she was Director of Development and served on the Board.

04: Eric Dodd, BEng, ACA, MBA
Chief Financial Officer
Eric, 39, joined Antisoma plc as Chief Financial Officer in November 2008 and was appointed Executive Director in December 2008. He was previously Group Finance Director at Morse plc, an IT services and technology company. Before joining Morse in 2005, he held management positions at a number of companies, including GlaxoSmithKline, where he worked in the UK pharmaceuticals business. Mr Dodd qualified as an accountant with Deloitte and holds an MBA from London Business School.

05: Grahame Cook, MA, FCA
Non-Executive Director
Grahame, 51, was appointed Non-Executive Director in July 1999. He has 17 years of investment banking experience and is a chartered accountant. He was Chief Executive Officer of West LB Panmure until 2003. He was a Managing Director in investment banking at UBS Ltd from 1995 to 1998 and a member of UBS's Global Investment Banking Management Committee. He is Chairman of Sinclair Pharma plc and of Fulcrum Pharma plc. Grahame was a founder member of the TechMARK Advisory Committee.

06: Michael Pappas, LLB, CA
Non-Executive Director
Michael, 53, was appointed Non-Executive Director of Antisoma Research Ltd in 1993 and of Antisoma plc on formation of the Company in October 1996. He has a degree in law and is a member of the Institute of Chartered Accountants of Scotland. Michael is CEO of Alpheus Capital Management Ltd, a private equity advisory firm and holds various non-executive director positions including one at Kudos Independent Financial Services Ltd.

07: Birgit Stattin-Norinder, MSc Pharm
Non-Executive Director
Birgit, 60, was appointed Non-Executive Director in December 2003. Birgit has held senior R&D positions at Pharmacia & Upjohn Corp, Glaxo Group Research Ltd, Astra Research Centre AB, Pfizer Inc. and Parke Davis AB. She has been Chief Executive Officer and Chairman of Prolifix Ltd and currently serves on the boards of a number of public and private biotechnology companies, including Karo Bio AB, InDex Pharmaceuticals AB and PULS AB.

08: Dale Boden, BA
Non-Executive Director
Dale, 52, was appointed Non-Executive Director in September 2005. He is President of BF Capital Inc., a US private investment firm that focuses on private equity, venture capital investing and real estate development. He also serves on the boards of several US companies. Dale is based in Louisville, Kentucky and was a Director and member of the executive committee of Aptamera, Inc. prior to its acquisition by Antisoma.

09: Michael Lewis
Non-Executive Director
Michael, 50, was appointed Non-Executive Director in July 2008. He has previously held the positions of President for Europe, Middle East and Africa and Head of Global Marketing for the medical device company Gambro. Before joining Gambro in 2002, he was CEO and Managing Director of Sybron, a specialist dental business based in Switzerland. Mr Lewis has also held senior commercial positions at Boston Scientific International in Paris and Bard International in New Jersey. Michael is currently an advisor to Advent International and Chairman of Ranier Technology.

Directors' report (including Business review)

The Directors present their report and the audited financial statements for Antisoma plc ('Antisoma') and its subsidiaries (the 'Antisoma Group' or 'the Group') for the year ended 30 June 2009.

Principal activity

The Antisoma Group is a specialty biopharmaceutical development group, focused on the development and commercialisation of novel products for the treatment of cancer.

Business review

Review and future developments

The Group has continued to execute its strategy of progressing its pipeline of novel anti-cancer products towards commercialisation. A full review of the business and future developments is given in the Joint Chief Executive's and Chairman's Statement on pages 2 to 5.

Principal risks and uncertainties

The nature of pharmaceutical development is such that drug candidates may not be successful due to an inability to demonstrate in a timely manner the necessary safety and efficacy in a clinical setting to the satisfaction of appropriate regulatory bodies, such as the Food and Drug Administration ('FDA') in the US and the European Medicines Agency ('EMEA') in Europe. The Group may be unable to attract, by itself or from partners, the funding necessary to meet the high cost of developing its products through to successful commercialisation.

Clinical and regulatory risk

Drug substances may not be stable or economically reproducible. Unacceptable toxicities or insufficient efficacy in the chosen indication may cause the drug to fail or limit its applicability. Lack of performance by third-party clinical research organisations or an inability to recruit patients may cause undue delays. Clinical and regulatory issues may arise or changes to the regulatory environment may occur that lead to delays, further costs or the cessation of programmes. Ethical, regulatory or marketing approvals may be delayed or withheld or, if awarded, may carry unacceptable conditions to further development or commercial success.

Competition and intellectual property risk

Many companies are developing drugs that may compete with and restrict the potential commercial success of the Group's products or render them obsolete. Companies may have intellectual property that restricts the Group's freedom of use or imposes high additional costs to obtain licences. The Group's intellectual property may become invalid or expire before its products are successfully commercialised.

Economic risk

The successful development and commercialisation of novel drugs carries a high level of risk and the returns may be insufficient to cover the costs incurred. Restrictions on health budgets worldwide or on the prices that may be charged for new drugs through competitive or other pressures may limit a drug's sales potential. The Group may not be able to attract partners on favourable terms to help develop or commercialise its products. Any such partners may fail to perform or commit the resources necessary to successfully commercialise the Group's products. All of the Group's manufacturing is outsourced and supplies of product may be interrupted.

Financial risk

Sustainability is dependent upon generating cash flows from successful development and commercialisation of the Group's products. Until then the Group will be dependent upon additional funding through completion of one or more licensing deals or through injection of capital. There can be no assurances that such funding will be achieved on favourable terms, if at all. Failure to generate additional funding may lead to postponement or cancellation of programmes and a scaling back of operations.

Corporate governance

The disclosure requirements set out in the Disclosure and Transparency Rules, paragraph 7.2, are included within the Corporate governance report on pages 22 to 24.

Dividends

No interim dividend (2008: £nil) was declared during the year and the Directors do not recommend payment of a final dividend in respect of the year (2008: £nil).

Directors

The Directors who held office during the year were as follows:

Executive Directors

Glyn Edwards
Raymond Spencer (Resigned 31 December 2008)
Ursula Ney
Eric Dodd (Appointed 1 December 2008)

Non-Executive Directors

Barry Price (Chairman, Independent)
Grahame Cook (Independent)
Birgit Norinder (Independent)
Michael Pappas
Dale Boden (Independent)
Michael Lewis (Independent, appointed 8 July 2008)

Biographical details of the Directors are given on page 9.

Directors' interests

The interests of Directors in the shares and options of the Company as at 30 June 2009 are given in the Report of the Board on remuneration on pages 15 to 21. None of the Directors had a material interest at any time during the year in any contract of significance with the Group other than a service contract. Information regarding Directors' service contracts is given on page 17 within the Report of the Board on remuneration.

Substantial shareholdings

No single person directly or indirectly, individually or collectively, exercises control over the Company. The Directors are aware of the following persons, who had an interest in 3% or more of the issued ordinary share capital of the Company as at 14 September 2009.

Shareholder	Number of ordinary shares	% Holding
Leventis Holding SA	44,402,831	7.24
Oxford Bioscience Partners	25,791,617	4.20
Legal & General Group	24,954,039	4.06
Invesco Limited	22,388,640	3.65
Stichting Pensioenfonds	18,750,000	3.05

At this date no other person had notified any interest in the ordinary shares of the Company required to be disclosed to the Company in accordance with Chapter 5 of the Disclosure and Transparency Rules of the Financial Services Authority in respect of holdings exceeding the 3% notification threshold.

Employees

The Directors are committed to continuing involvement and communication with employees on matters affecting both the employees and the Company. A full review of the policies relating to employees is given in the Corporate social responsibility review on pages 13 and 14.

Health, safety and environment

The Directors are committed to ensuring the highest standards of health and safety, both for their employees and for the communities within which the Group operates. The Directors are also committed to minimising the impact of the Group's operations on the environment. A full review of the policies relating to health and safety and the environment is given in the Corporate social responsibility review on pages 13 and 14.

Charitable and political donations

No donations were made during the year (2008: £nil).

Creditor payment policy

The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not have a standard code of conduct that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Group represented 12 days purchases (2008: 24). The Company did not have any outstanding invoices at the end of this or the preceding financial year.

Financial and non-financial Key Performance Indicators ('KPIs')

The Directors consider cash and R&D spend to be the Group's financial KPIs at the current stage of the Company's development. These are detailed in the Financial review on pages 6 and 7. The Directors consider that the most important non-financial KPIs relate to the number of drugs under development and the development stages reached by these drugs in each indication, both of which are detailed in the Joint Chief Executive and Chairman's statement on pages 2 to 5.

Risk management

The Group's risk management objectives and exposure to various risks are detailed above and in Note 19.

Voting rights

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. Further details regarding voting at the Annual General Meeting can be found in the Corporate Governance report on pages 22 to 24 and in the explanatory notes to the Notice of the Annual General Meeting. None of the ordinary shares, including the shares held by the Employee Share Trusts, carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's registrars not later than 48 hours before a general meeting.

Directors' report (including Business review) continued

Additional information for shareholders

The following provides additional information for shareholders required to comply with regulations made pursuant to the Companies Act 2006:

- The structure of the Company's issued share capital is shown in Note 21 to the financial statements. The percentage of the total issued share capital represented by each class of share issued by the Company is as follows: ordinary shares 59%; preference shares 41%.
- The rights and obligations attaching to the Company's ordinary shares and preference shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary. Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, corporate representatives and to exercise voting rights. Holders of ordinary shares may receive a dividend and on a liquidation may share in the assets of the Company. Holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts. Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at Annual General Meetings. The rights and obligations attaching to the Company's preference shares are summarised in Note 21 of the Accounts.
- The Company is not aware of any agreements between shareholders on voting rights or that may result in restrictions in the transfer of securities.
- There are no restrictions on the transfer of ordinary shares in the Company other than (i) certain restrictions that may be imposed from time to time by laws and regulations (for example insider trading laws and market requirements relating to close periods), (ii) pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's securities and (iii) where a person with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.
- The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.
- The Board can appoint a Director but anyone so appointed must be re-elected by an Ordinary Resolution at the next general meeting. One third of the Directors must offer themselves for re-election at each Annual General Meeting.
- Subject to the Company's Memorandum and Articles of Association, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board. The Directors have been authorised to allot and issue ordinary shares. These powers are exercised under authority of resolutions of the Company passed at its general meeting held on 9 June 2008. Further details of resolutions the Company is seeking for the allotment and issue of its ordinary shares are set out in the explanatory notes to the Notice of the Annual General Meeting.
- The Company's Articles of Association permit the Board to grant the Directors indemnities in relation to their duties as directors, including qualifying third party indemnity provisions (within the meaning of the Companies Act 2006) in respect of any liabilities incurred by them in connection with any negligence, default, breach of duty or breach of trust in relation to the Company. No such indemnities have been granted.
- Directors' interests in the share capital of the Company are shown in the table on page 18.
- Major interests (i.e. those greater than 3%) of which the Company has been notified are shown on page 11.
- With the exception of the potential vesting of share options as detailed in the Report of the Board on remuneration and in Note 22, the Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Annual General Meeting

The Notice convening the Annual General Meeting, which will take place at 10.30 am on 10 November 2009 at the offices of CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street, London EC1A 4DD, is expected to be sent out to shareholders on 9 October 2009. Details of the business to be transacted at the AGM can be found in the Notice.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the AGM.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he or she ought to have taken in his or her duty as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Kevin Kissane
Company Secretary
24 September 2009

Corporate social responsibility review

Antisoma's business is the development of novel drugs that could deliver more effective and safer treatments to large numbers of cancer patients worldwide.

The Group is committed to operating its business in accordance with its corporate social responsibilities to all stakeholders. The Board is mindful of the importance of being socially responsible and strives to improve the Group's approach to corporate social responsibility. The Group conducts its business with a view to having a positive impact on the local community. Our corporate social responsibility framework continues to develop as the Group matures.

The Group is a member of the BioIndustry Association ('BIA'), the trade association for biotechnology companies in the UK. The BIA has published a Code of Practice for information communication and management amongst its members. The Group plays an active role in the BIA and complies with this Code of Practice.

Stakeholder communication

The Group gives a high priority to effective communication with all stakeholders. Antisoma has a dedicated in-house communications team responsible for ensuring the comprehensive delivery of information to all stakeholders. The Group's website provides a service whereby shareholders and others interested in the Group can download public documents, such as press releases and annual and interim reports. Visitors can also register their details on an automated mailing list. Antisoma regularly webcasts Group presentations.

The Group is committed to sharing information with the wider scientific community. Senior members of staff participate in a variety of scientific forums in the cancer research field, and we regularly present and publish our work.

The Chief Executive Officer, Chief Financial Officer and VP, Marketing and Communications meet regularly with analysts and major shareholders to update them on the Group's business and to gain understanding of the market's expectations. Barry Price, our Chairman, is also available for meetings with investors.

Our people

Much of our value and potential for success depends upon our employees and the experience and expertise they bring to the Group. The Directors believe in rewarding staff appropriately and have designed the Group's remuneration policy accordingly. Employees' salaries are benchmarked against similar positions within other biopharmaceutical companies of a similar size. Employees are eligible to participate in the Company Share Option Plan and Deferred Share Bonus Plan. In addition, all permanent staff are eligible for life assurance cover, a private healthcare scheme and membership of the Group pension scheme. The Group provides enhanced policies relating to maternity and paternity leave, which exceed the current statutory position in both the UK and the US.

The Group is committed to providing equal opportunities, irrespective of background, age, sex, race, sexual orientation, religion, gender, nationality, marital status or disability. There is a section on the Group's website showing current vacancies and information on recruitment policy. We aim to attract the best people in the industry and we believe in maximising every employee's potential.

Management has an 'open-door' policy, and employees can raise questions about the Group or their employment easily and get issues resolved quickly. Employee appraisals are carried out once a year and objectives are set annually. Employees consider their objectives within the framework of the organisation as a whole, since we believe this helps to promote both greater efficiency and a sense of shared achievement.

We encourage in-house training and support staff in further study where appropriate. The Group strives to accommodate employees' needs in order to enable them to balance their working and home life.

Antisoma's intranet promotes internal communication, keeping employees up-to-date with current news and building good working relationships through information sharing. The Group also holds regular employee meetings.

The Group aims to conduct its business to the highest standards and with honesty and integrity at all times. The Group's policies, with which employees are expected to comply, include guidance relating to standards of conduct, equal opportunities, gratuities, harassment and whistle-blowing.

The Group implements quality standards related to the development of human pharmaceuticals, including GCP (Good Clinical Practice), GLP (Good Laboratory Practice) and GMP (Good Manufacturing Practice). Standard Operating Procedures (SOPs) are in place for all key areas related to patient safety, integrity of data from our studies and regulatory compliance.

Our partners

The Group works with a variety of partners to carry out the appropriate studies for the development of each of its products. We strive to develop good working relationships with all our contractors. Our SOPs are shared with partners to ensure they are using appropriate quality standards for work being performed on our behalf. We routinely audit contractors before appointing them and then regularly during the course of a project. Contractors are chosen based on, amongst other things, technical ability, capacity, geographical location and quality standards.

Corporate social responsibility review continued

Health and safety

The Group is committed to providing a safe environment for its employees and others who are engaged in, or who may be impacted by, the Group's operations. The Board is aware of its legal and moral obligations for health and safety at work and is committed to preventing accidents and minimising occupational ill health. Policies relating to health and safety are set out in the Group's Safety Code of Practice. The Group's Health and Safety Committee meets regularly to discuss issues and promote good practice across the Group and there are a number of Health and Safety Officers and Fire Wardens amongst the employees.

Environment

The Group is committed to playing a part in protecting the environment and is aware of its corporate responsibilities. The Group seeks to minimise the impact of its activities on the environment. The Group's policies relating to laboratory health and safety, including disposal of waste, are set out in the Safety Code of Practice. The Group endeavours to ensure that all gaseous emissions and liquid or solid waste products are controlled and disposed of, whether handled directly or via a third party, in accordance with applicable laws and regulations and with the minimum impact on the environment. The Group meets all the statutory requirements relating to handling and disposal of radioactive materials. All clinical waste produced by our laboratories is given a unique tag on removal to ensure that it can be traced back to the Group if necessary.

Report of the Board on remuneration
This part of the remuneration report is unaudited

Introduction
This report complies with the Combined Code on Corporate Governance published in June 2008 (the 'Combined Code') and sets out the Group's remuneration policy and details of Directors' remuneration. A resolution to approve this report will be proposed to shareholders at the Annual General Meeting (AGM) in November 2009.

Policy
The Remuneration Committee aims to ensure that the Group is able to attract and retain Executive Directors and employees with the necessary skills and expertise by providing competitive remuneration, incentives and benefits that reward individual and group performance. The Remuneration Committee considers the guidelines set out in the Combined Code and those published by the Association of British Insurers and the National Association of Pension Funds. The Remuneration Committee has carried out a review of the annual performance incentive and longer-term incentives and believes that they are constructed to meet the future needs of the Group and to align the interests of Executive Directors and employees with those of shareholders. The Remuneration Committee also believes that Executive Directors and senior employees should be encouraged to own shares in the Company to further align their interests with those of shareholders. The current remuneration policies, which will also apply through to the end of next year, are outlined below.

Committee
The Remuneration Committee is comprised entirely of independent Non-Executive Directors and is chaired by Dale Boden. Other Directors who served on the Remuneration Committee during the year are listed on page 23. The Remuneration Committee, which met twice during the year, recommends policy on compensation to the Board, and determines total compensation for Executive Directors and senior managers (the 'Management Group'). The Remuneration Committee also establishes the policy for total compensation for all employees within the Group and approves long-term share awards. Hewitt New Bridge Street ('HNBS'), which has considerable expertise in the biotechnology sector, was appointed by the Remuneration Committee and continues to provide independent advice and analysis on compensation matters, including the provision of competitive market data. HNBS assisted the Group to implement the Remuneration Committee's decisions and to value share awards under International Financial Reporting Standard 2 'Share-based Payment'. HNBS provides no other services to the Group. Remuneration Committee meetings are attended, as appropriate, by the Chief Executive Officer, who comments on remuneration proposals other than those directly concerning his own remuneration, and the Chairman of the Board, if requested by the Chairman of the Remuneration Committee. The Company Secretary provides administrative support to the Committee. The terms of reference of the Committee are available on request from the Company Secretary.

Components of Executive Directors' and senior managers' compensation packages
Consistent with the policy stated above, compensation awarded to the Management Group comprises a mix of performance and non-performance-related elements. In respect of all Executive Directors, performance-related elements have the potential to represent more than half of their individual total remuneration.

Base salary
Salaries are reviewed annually taking into account the responsibilities and performance of each Director or senior manager and his/her expected future contribution, and relevant market data. The Remuneration Committee aims to set base salaries at market levels compared to similar positions within other biopharmaceutical companies of a similar size. There were no increases in the base salary of any Director or employee during the financial year, unless an employee moved into a different post within the Company.

Pensions and other benefits
The Group contributes 12.5% of base salary to the private pension arrangements for each member of the Management Group. Other benefits include life and permanent health insurance. Car allowances are also provided to the Management Group.

Annual performance incentive
The Group operates a discretionary bonus scheme. Such bonuses are awarded dependent upon performance, which is measured against individual and corporate objectives agreed at the beginning of the year, also taking into account the relative share price performance of the Company. Bonuses in 2009 were earned in respect of the 12-month period from 1 July 2008 to 30 June 2009. The maximum potential bonus for full achievement of personal and corporate objectives continues to be 60% of salary for the Chief Executive Officer and 30% for other Executive Directors. For exceptional performance, as determined by the Remuneration Committee, the maximum potential bonus may be increased to 85% for the Chief Executive Officer and to 60% for other Executive Directors. Actual bonuses earned by the Executive Directors for the 12-month period to 30 June 2009, expressed as a percentage of base salary over that period, were 51% (2008: 75%) for the Chief Executive Officer, 25% (2008: 45%) for the Chief Operating Officer and 25% for the Chief Financial Officer, the latter being in respect of the period from 3 November 2008, the date of his appointment.

Longer-term incentives
The Group's primary long-term incentive arrangements comprise an Executive Incentive Plan (the long-term incentive primarily operated for the Management Group) and a Deferred Share Bonus Plan. The Company also has a Company Share Option Plan, although there is currently no intention to operate this arrangement.

Executive Directors may participate in the Deferred Share Bonus Plan and Company Share Option Plan (to the extent that it is operated), although the current policy is for these individuals to receive only awards under the Executive Incentive Plan. The Company would consult with its major investors (and representative bodies) if the Remuneration Committee wishes to change this policy (other than where CSOP awards are granted as a result of the £30,000 HM Revenue & Customs (HMRC) limit not being fully utilised).

(a) Executive Incentive Plan

The Group adopted a long-term incentive scheme following approval by shareholders in November 2003; this is known as the Executive Incentive Plan (the 'EIP'). For the year ended 30 June 2009 the Remuneration Committee has made awards to the Management Group and to other employees as Performance Share Awards under the EIP. A summary of the EIP is set out below:

- There are two types of award, Performance Share Awards and Matching Awards, which may be made under the EIP. Performance Share Awards are shares which an employee receives after three years, subject to the satisfaction of a pre-agreed performance target (see below) and continued employment. Performance Share Awards are granted twice a year following the release of the Group's preliminary year-end and interim results. Matching Awards are free shares given to employees who invest part of their annual bonus in Company shares ('Invested Shares'), subject to continued employment of not less than three years and the share price meeting pre-agreed performance targets. Invested Shares will be limited in value to 33% of an employee's salary each year.
- All employees of the Group are eligible to participate in the EIP at the discretion of the Remuneration Committee.
- An award will normally vest no earlier than the third anniversary of its grant to the extent that the applicable performance condition (see below) has been satisfied, the participant is still employed by the Group and, in the case of Matching Awards, the Invested Shares have been retained. It will then remain capable of exercise for a period of three years.
- The value of Performance Share Awards granted under the EIP to current employees is currently limited to 200% of base salary in any financial year.
- Performance Share Awards vest in full after three years provided that the Company's Total Shareholder Return ('TSR') ranks in the upper quartile on the third anniversary of the date of grant compared with a pre-selected list(1) of UK-listed biotechnology and pharmaceutical companies. Where the TSR ranks below median on the third anniversary the performance target will not have been met and the Performance Share Award will lapse. Where the TSR ranks between median and upper quartile the Performance Share Award will vest pro-rata between 25% and 100%. There will be no opportunity for retesting.
- If Matching Awards are granted, the performance condition for Matching Awards would be similarly linked to the Company's TSR ranking compared against the same list(1) of biotechnology and pharmaceutical companies used for the Performance Share Awards. Where the TSR is ranked in the upper quartile then shares equal in number to the Invested Shares will be awarded. Where the TSR is ranked below median no shares will be awarded. Where the TSR falls between median and upper quartile then the number of Matching Award shares will vest pro-rata between 25% and 100% of the number of Invested Shares.
- If the performance condition is achieved after three years, the employee can decide to retain the Invested Shares for a fourth or fifth year, in which case the number of Matching Award shares may be adjusted upwards, but not downwards, up to a maximum of 150% of the Invested Shares for upper quartile performance at the end of five years. This is not viewed as retesting by the Remuneration Committee because if the performance condition is not satisfied after three years the Matching Award lapses.
- The Matching Award conditions encourage employees to retain their Invested Shares for at least five years and ensures that a Matching Award is only earned for sustained good TSR performance.
- If the Company were to be acquired then awards under the EIP will only vest at the date of change of control to the extent that the performance condition has been met and where, in the opinion of the Remuneration Committee, the acquiring company does not offer broadly similar replacement awards or where the employee is not retained by the acquiring company. Performance Share Awards were granted to Executive Directors and certain senior employees during the year as set out on pages 18 to 20, and 48 to 51.

Matching Awards were granted on 8 July 2005 in respect of bonuses earned by Executive Directors and certain other employees for the 12-month period ended 30 June 2005 and invested by them in Invested Shares. HNBS has independently verified that the TSR ranked in the upper quartile in respect of the initial performance period for the Matching Awards. Accordingly, 661,369 Matching Awards held by Executive Directors vested on 8 July 2008 but none has yet been exercised.

(1) The selected list of comparator companies set for the Performance Share Awards in the period is: Abcam, Ark Therapeutics, AstraZeneca, Axis-Shield, BTG, Dechra Pharmaceutics, Eco Animal Health Group, E-Therapeutics, Genus, GlaxoSmithKline, Goldshield Group, GW Pharmaceuticals , Hikma Pharmaceuticals, Immupharma, IS Pharma, Prostrakan Group, Proteome Sciences, Oxford Biomedica, Renovo Group, Shire, Sinclair Pharma, Silence Therapeutics, Skyepharma, Tepnel Life Science, and Vectura Group.

(b) Deferred Share Bonus Plan

Shareholders approved the Deferred Share Bonus Plan (the 'DSBP') at the 2008 AGM to provide the Company with greater flexibility with respect to incentivising and retaining key employees below board level. Under the arrangement, an individual may receive a deferred share bonus award in any financial year over shares worth up to 100% of salary (the majority of awards are expected to be significantly below this), which will vest, subject to continued employment, one third on the first anniversary of grant, one third after 18 months and one third on the second anniversary of grant. No award has yet been made under the DSBP.

(c) Company Share Option Plan

Shareholders approved the Company Share Option Plan (the 'CSOP') at the 2008 AGM following the expiry of the 1998 Company Share Option Plan (the '1998 CSOP'). All employees (including Executive Directors) are eligible to participate in the CSOP under which UK tax favoured, US tax favoured and non-tax favoured share options may be granted. Consistent with the 1998 CSOP, options may be granted to an individual in any financial year over shares worth 200% of base salary. Should awards be granted to Executive Directors (only ever expected to be up to the HMRC £30,000 limit), 25% of options will be exercisable if the growth in share price from the date of grant to the third anniversary of the date of grant equals 25%, increasing on a straight-line basis so that 100% of options will be exercisable if the growth in share price from the date of grant to the third anniversary equals or is greater than 35%. There is no intention to use the CSOP at the current time and no options have been granted under this arrangement.

Service contracts

The service contracts for the three Executive Directors (Glyn Edwards – dated 16 March 1998; Ursula Ney – dated 23 February 2004; Eric Dodd – dated 28 October 2008):

- are not of a fixed-term duration;
- are subject to 12 months' notice by either party. The Group is entitled to pay a sum in lieu of notice equivalent to: (i) the base salary for Glyn Edwards; (ii) the base salary plus benefits for Ursula Ney; and (iii) the base salary plus car allowance for Eric Dodd; and
- are not subject to liquidated damages in the event of termination by the Group.

The terms of these service contracts reflect the Company's policy on Directors' service contracts.

Raymond Spencer resigned as a Director of Antisoma plc with effect from 31 December 2008. The Company paid Mr Spencer £183,000 in lieu of salary and benefits, in accordance with the terms of his contract of employment, and £109,440 compensation for loss of office, of which £55,000 was paid into Mr Spencer's pension fund. Mr Spencer has agreed to continue as a Director of Cancer Therapeutics Limited, a wholly-owned subsidiary of Antisoma plc, until 30 June 2010. (No remuneration is payable for his services in this role.) Providing that the relevant performance targets have been satisfied, Mr Spencer may exercise vested 1998 CSOP options and EIP awards up until 31 December 2010.

Non-Executive Directors

Remuneration of Non-Executive Directors is determined by the Board and is set at levels which are comparable with those provided by other biotechnology companies of a similar size, taking into account the commitments made by Non-Executives in discharging their duties. Terms of service are specified in letters of appointment. Currently, appointments are for a period of three years, which may be renewed, and are subject to six months' notice. The most recent dates of appointment or reappointment of Non-Executive Directors are: 1 June 2009 for Barry Price, Grahame Cook and Michael Pappas; 19 May 2009 for Dale Boden; 9 July 2008 for Michael Lewis; and 9 December 2006 for Birgit Norinder. Non-Executive Directors do not have service contracts.

Audited information

The following information has been audited (except as noted).

Directors' remuneration

Full details of Directors' remuneration and grants of share options are set out below:

	Salary and fees £'000	Bonuses[1] £'000	Monetary value of benefits[2] £'000	Termination pay[3] £'000	Total excluding pensions £'000	2009 Pensions[4] £'000	2008 Total excluding pensions £'000	2008 Pensions £'000
Glyn Edwards	**305**	**155**	**14**	**–**	**474**	**38**	548	38
Ursula Ney	**280**	**71**	**13**	**–**	**364**	**42**	402	34
Raymond Spencer	**90**	**–**	**8**	**237**	**335**	**71**	264	22
Eric Dodd[5]	**133**	**33**	**8**	**–**	**174**	**17**	–	–
Barry Price	**60**	**–**	**–**	**–**	**60**	**–**	50	–
Grahame Cook	**37**	**–**	**–**	**–**	**37**	**–**	37	–
Michael Pappas	**30**	**–**	**–**	**–**	**30**	**–**	30	–
Dale Boden	**37**	**–**	**–**	**–**	**37**	**–**	37	–
Birgit Norinder	**35**	**–**	**–**	**–**	**35**	**–**	35	–
Michael Lewis	**30**	**–**	**–**	**–**	**30**	**–**	–	–
	1,037	**259**	**43**	**237**	**1,576**	**168**	1,403	94

(1) Bonuses were paid in August 2009 in respect of the 12-month period from 1 July 2008 to 30 June 2009.
(2) Executive Directors' benefits include a car allowance and private health insurance.
(3) Raymond Spencer resigned as a Director of Antisoma plc with effect from 31 December 2008. The Company paid Mr Spencer £183,000 in lieu of salary and benefits, in accordance with the terms of his contract of employment, and £109,440 compensation for loss of office, of which £55,000 was paid into Mr Spencer's pension fund.
(4) Only Executive Directors' base salary is pensionable. Non-Executive Directors' fees are non-pensionable. The aggregate emoluments of key management are given in Note 4.
(5) In respect of the period from 1 December 2008 (the date of Eric Dodd's appointment as Executive Director).

Report of the Board on remuneration **continued**

Directors' interests in shares (unaudited)

The interests of the Directors in the shares of the Company on 30 June 2009, all of which were beneficially held, are set out below:

	Ordinary shares of 1p each	
	30.06.09	30.06.08
Barry Price	**743,077**	743,077
Glyn Edwards	**2,140,000**	2,140,000
Ursula Ney	**645,391**	645,391
Raymond Spencer[1]	**n/a**	603,231
Eric Dodd[2]	**50,000**	n/a
Grahame Cook	**1,125,540**	1,125,540
Michael Pappas[3]	**887,184**	751,785
Dale Boden[4]	**794,111**	774,003
Michael Lewis[5]	**98,190**	n/a

(1) Raymond Spencer resigned on 31 December 2008.
(2) Eric Dodd was appointed as Director on 1 December 2008.
(3) Michael Pappas' total holdings include a beneficial interest totalling 70,000 ordinary Antisoma shares held by Barclayshare Nominees.
(4) Dale Boden's total holdings include a beneficial interest totalling 638,469 ordinary Antisoma shares held by BF Capital, BFC III Ltd and by The Sentinel Trust.
(5) Michael Lewis was appointed on 8 July 2008.

Other than shown in the tables above, no Director had any interest in the shares of the Company or of other Group companies at 30 June 2009. Note 32 provides details of transactions with Directors up to 14 September 2009.

Three Non-Executive Directors, Michael Pappas, Dale Boden and Michael Lewis, elected to take a proportion of their fees in new Antisoma plc 1p ordinary shares. The Directors have agreed not to dispose of these shares for a minimum period of one year from the date of allotment.

Interests in share options and awards

Details of options held by Directors to purchase Antisoma plc ordinary 1p shares are set out below:

Glyn Edwards

Date of grant	At 30.06.08	Granted in the year	Lapsed in the year	**At 30.06.09**	Price per share	Date from which exercisable[iv]	Expiration date
1998 CSOP Options							
16.12.98	486,241	–	(486,241)	**–**	74p	17.12.98[i]	16.12.08
09.07.99	432,214	–	–	**432,214**	42.6p	[ii],[iii]	09.07.09
09.06.00	170,410	–	–	**170,410**	£1.009	10.06.03	09.06.10
19.09.00	17,540	–	–	**17,540**	£1.425	20.09.03	19.09.10
13.02.01	58,981	–	–	**58,981**	£2.119	14.02.04	13.02.11
17.09.01	289,331	–	–	**289,331**	37.5p	18.09.04	17.09.11
16.04.02	855,827	–	–	**855,827**	20.7p	17.04.05	16.04.12
23.09.02	1,452,074	–	–	**1,452,074**	12.34p	24.09.05	23.09.12
20.02.03	425,006	–	–	**425,006**	26.34p	21.02.06	20.02.13
01.10.03	418,359	–	(418,359)	**–**	38.17p	02.10.06	01.10.13
16.02.04	457,053	–	(457,053)	**–**	43.125p	17.02.07	16.02.14
21.09.04	359,452	–	–	**359,452**	14p	22.09.07	21.09.14
21.02.05	868,871	–	–	**868,871**	22.2p	22.02.08	21.02.15
EIP Performance Share Awards							
20.09.05	419,302	–	–	**419,302**	1p	21.09.08	20.09.11
24.02.06	521,946	–	–	**521,946**	1p	25.02.09	24.02.12
19.10.06	742,841	–	–	**742,841**	1p	20.10.09	19.10.12
20.02.07	434,276	–	–	**434,276**	1p	21.02.10	20.02.13
15.09.07	690,241	–	–	**690,241**	1p	16.09.10	15.09.13
26.02.08	534,621	–	–	**534,621**	1p	27.02.11	26.02.14
23.09.08	–	721,486	–	**721,486**	1p	23.09.11	23.09.14
19.02.09	–	796,916	–	**796,916**	1p	19.02.12	19.02.19
	9,634,586	**1,518,402**	**(1,361,653)**	**9,791,335**			

Ursula Ney

Date of grant	At 30.06.08	Granted in the year	Lapsed in the year	**At 30.06.09**	Price per share	Date from which exercisable[iv]	Expiration date
1998 CSOP Options							
23.02.04	752,676	–	(752,676)	**–**	44.84p	24.02.07	23.02.14
21.09.04	235,278	–	–	**235,278**	14p	22.09.07	21.09.14
21.02.05	568,715	–	–	**568,715**	22.2p	22.02.08	21.02.15
EIP Performance Share Awards							
20.09.05	286,650	–	–	**286,650**	1p	21.09.08	20.09.15
24.02.06	355,725	–	–	**355,725**	1p	25.02.09	24.02.12
19.10.06	529,443	–	–	**529,443**	1p	20.10.09	19.10.12
20.02.07	309,520	–	–	**309,520**	1p	21.02.10	20.02.13
15.09.07	479,773	–	–	**479,773**	1p	15.09.10	15.09.13
26.02.08	371,605	–	–	**371,605**	1p	26.02.11	26.02.14
23.09.08	–	529,879	–	**529,879**	1p	23.09.11	23.09.18
19.02.09	–	585,276	–	**585,276**	1p	19.02.12	19.02.19
	3,889,385	1,115,155	(752,676)	**4,251,864**			

Raymond Spencer (resigned as a Director on 31 December 2008)

Date of grant	At 30.06.08	Granted in the year	Lapsed in the year	**At 31.12.08**	Price per share	Date from which exercisable[iv]	Expiration date
1998 CSOP Options							
16.12.98	216,107	–	(216,107)	**–**	74p	17.12.98[i]	16.12.08
16.12.98	129,664	–	(129,664)	**–**	74p	[i],[iii]	16.12.08
09.07.99	216,107	–	–	**216,107**	42.6p	[ii],[iii]	09.07.09
09.06.00	87,639	–	–	**87,639**	1.009	10.06.03	09.06.10
19.09.00	35,098	–	–	**35,098**	1.425	20.09.03	19.09.10
13.02.01	9,436	–	–	**9,436**	2.119	14.02.04	13.02.11
17.09.01	124,991	–	–	**124,991**	37.5p	18.09.04	17.09.11
16.04.02	388,887	–	–	**388,887**	20.7p	17.04.05	16.04.12
23.09.02	659,822	–	–	**659,822**	12.34p	24.09.05	23.09.12
20.02.03	193,123	–	–	**193,123**	26.34p	21.02.06	20.02.13
01.10.03	182,556	–	(182,556)	**–**	38.17p	02.10.06	01.10.13
16.02.04	199,441	–	(199,441)	**–**	43.125p	17.02.07	16.02.14
21.09.04	156,852	–	–	**156,852**	14p	22.09.07	21.09.14
21.02.05	379,143	–	–	**379,143**	22.2p	22.02.08	21.02.15
EIP Performance Share Awards							
20.09.05	189,067	–	–	**189,067**	1p	21.09.08	20.09.11
24.02.06	232,097	–	–	**232,097**	1p	25.02.09	24.02.12
19.10.06	334,953	–	–	**334,953**	1p	19.10.09	19.10.12
20.02.07	195,818	–	–	**195,818**	1p	21.02.10	20.02.13
15.09.07	307,779	–	–	**307,779**	1p	16.09.10	15.09.13
26.02.08	238,387	–	–	**238,387**	1p	27.02.11	26.02.14
23.09.08	–	340,635	–	**340,635**	1p	23.09.11	23.09.14
	4,476,967	340,635	(727,768)	**4,089,834**			

Raymond Spencer exercised EIP Performance Share Awards as follows:

Date of grant	At 30.06.08	Amount exercised	Date of exercise
20.09.05	189,067	189,067	09.02.09
24.02.06	232,097	24,302	05.06.09

Eric Dodd

Date of grant	At 01.12.08	Granted in the year	Lapsed in the year	**At 30.06.09**	Price per share	Date from which exercisable[iv]	Expiration date
EIP Performance Share Awards							
11.11.08[1]	1,078,740	–	–	**1,078,740**	1p	11.11.08	11.11.18
19.02.09	–	418,054	–	**418,054**	1p	19.02.12	19.02.19
	1,078,740	418,054	–	**1,496,794**			

[1] Eric Dodd was granted Performance Share Awards as Chief Financial Officer in November 2008; he was appointed Executive Director in December 2008.

Incentive Plan Invested Shares/Matching Awards

	Date of award	Invested shares	Potential Matching Award 08.07.08	Potential Matching Award 08.07.10	Exercise price	Date from which exercisable	Expiration date
Glyn Edwards	08.07.05	337,835	337,835	506,752	1p	09.07.08	08.07.11
Ursula Ney	08.07.05	195,391	195,391	293,086	1p	09.07.08	08.07.11
Raymond Spencer	08.07.05	128,143	128,143	192,214	1p	09.07.08	08.07.11

The above Matching Awards were granted on 8 July 2005.

Notes: All options and awards were granted for no consideration. No other Directors have share options in the shares of the Company or other Group companies. No options were exercised by the Directors and no options lapsed or were surrendered during the year other than as stated above.

Performance conditions

Performance conditions attaching to all the Performance Share Awards and Matching Awards are consistent with the policy set out in the Report of the Board on remuneration. A full list of each TSR comparator group set for each award is available on request from the Company Secretary.

Performance and exercise conditions attaching to the 1998 CSOP options are set out below:

(i) These options were granted on the day prior to the Company's flotation, and exercise of these options is conditional upon the Company's ordinary shares being listed on the London Stock Exchange or other regulated market. This condition has been satisfied. The market price of the Company's shares upon flotation was 35p. These options lapsed on 15 December 2008.
(ii) Conditional upon securing a commercial agreement in respect of the Group's then lead product. This condition was satisfied in October 1999. These options lapsed on 8 July 2009.
(iii) One quarter of the total number of shares under option is exercisable at the date of grant. One quarter of the total number of shares under option become exercisable on each of the first, second and third anniversaries of the date of grant.
(iv) 1998 CSOP options granted in 2000 and 2001 may be exercised provided that the market price of the shares exceeds the exercise price by at least 52% at any time between the third and tenth anniversary of the date of grant.
(v) 1998 CSOP options granted in 2002 to 2005 may be exercised provided that the market price of the shares exceeds the exercise price by at least 52% on the third anniversary of the date of grant or, failing that, the performance condition may be retested at six-monthly intervals on four further occasions up to and including the fifth anniversary of the date of grant, but in this case the performance condition is raised such that the share price is required to increase by a further 15% per annum over the extra period allowed for each successive test. If the exercise condition is met once during this period it need not be met again. If the performance condition is not met by the fifth anniversary then the option will lapse.

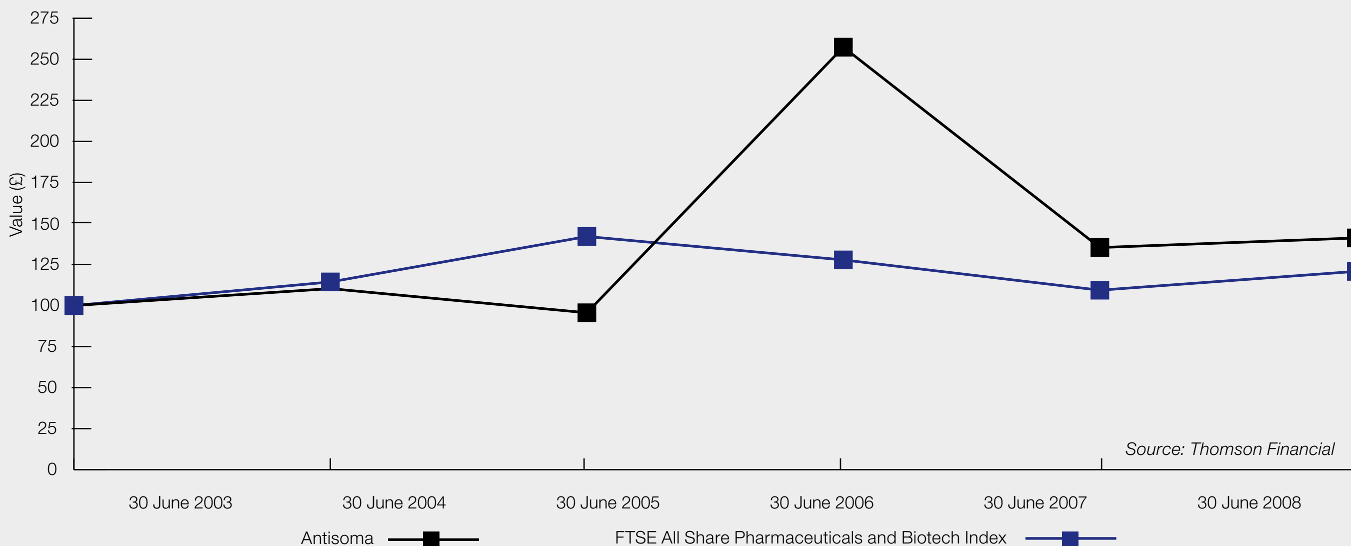
(No 1998 CSOP options have been granted to Executive Directors since 2005.)

The market price of the Company's shares at 30 June 2009 was 24p (30 June 2008: 23p) on the London Stock Exchange and the range of market prices during the year was between 17.5p and 30.5p.

Dilution

Following shareholder approval at the 2008 AGM, the Company operates a forward looking dilution limit whereby the Company may not issue (or grant rights to issue) more than 10% of the issued share capital of the Company under the EIP, DSBP or CSOP (or any other employee share scheme) in any 10 calendar year period starting from 18 November 2008 (the date of shareholder approval for the amended EIP and new DSBP and CSOP). As at 30 June 2009, the Company had used 0.7% out of the 10% available (all of which was granted between 18 November 2008 and 30 June 2009). Had a dilution limit of 10% over the previous 10 years been operated, dilution would be 7.1% at 30 June 2009.

Total shareholder return (unaudited)
The total shareholder return chart presented below looks at the value of £100 invested in Antisoma plc on 30 June 2004 over the period to 30 June 2009 compared with £100 invested in the FTSE All Share Pharmaceutical and Biotechnology Index, which the Directors believe provides the most appropriate comparison of the return to shareholders of Antisoma plc with the return represented by an index of other companies in its sector.



This graph shows the value, by the end of June 2009, of £100 invested in Antisoma on 30 June 2004 compared with the value of £100 invested in the FTSE All-Share Pharmaceuticals & Biotech Index. The other points plotted are the values at intervening financial year-ends.

This report has been approved by the Board and signed on its behalf by:

Dale Boden
Chairman of the Remuneration Committee
24 September 2009

Corporate governance

The Group seeks to follow best practice in corporate governance and has complied throughout the period with all relevant provisions set out in section 1 of the Combined Code 2008, unless stated otherwise below. A copy of the Code is publicly available at www.frc.org.uk. This report, together with the Report of the Board on remuneration, sets out the manner in which the Group has applied the principles contained in the Combined Code.

Board of Directors

Responsibilities of the Board include setting the Group's strategic aims and objectives, helping to ensure that the necessary resources are available for their achievement, approval of operating plans, budgets and forecasts and the review of the performance of the business against objectives, approval of acquisitions and disposals, and other major business matters and policies, review and approval of reporting to shareholders, reviewing performance of management and ensuring the maintenance of internal controls to assess and manage financial and operational risks. Additionally, the Board undertakes matters concerning Board and other senior executive appointments.

The Directors bring a range of relevant expertise and experience to the Board. As at 30 June 2009, the Board of Directors comprised: a Non-Executive Chairman, Barry Price (who is also a Non-Executive Director of Shire Pharmaceuticals plc and Chairman of Summit plc), five additional Non-Executive Directors, Grahame Cook, Birgit Norinder, Dale Boden, Michael Lewis and Michael Pappas, of whom the first four are regarded as independent; and three Executive Directors, Glyn Edwards, Ursula Ney and Eric Dodd. All Non-Executive Directors bring an independent judgement to Board deliberations and decisions. As noted on page 18, as at 30 June 2009, Barry Price had an interest in 743,077 ordinary shares, Grahame Cook had an interest in 1,125,540 ordinary shares, Michael Pappas had an interest in 887,184 ordinary shares, Dale Boden had an interest in 794,111 ordinary shares and Michael Lewis had an interest in 98,190 ordinary shares. Since 30 June 2009, Michael Pappas has acquired an additional 15,625 ordinary shares and Michael Lewis an additional 31,250 ordinary shares in lieu of Director's fees. As at 14 September 2009, no other Directors have acquired an additional interest in the ordinary shares or share options of the Company since 30 June 2009. In the opinion of the Board these shareholdings do not impair their independent status. As stated in Note 32, Michael Pappas has a relationship with Leventis Holdings SA, which has been a major shareholder of the Company since its foundation and, therefore, Michael Pappas is not formally regarded as an independent Non-Executive Director. Barry Price, Michael Pappas and Grahame Cook have each been on the Board for over nine years. The Board firmly believes that the above factors do not impair their independence of character or judgement. Biographical details of Directors are given on page 9.

The current Senior Independent Director is Grahame Cook, who has recent financial experience.

All Directors have direct access to the services and advice of the Company Secretary, who is also the Group Legal Adviser. The Company Secretary is responsible for ensuring compliance with relevant procedures, rules and regulations. The Board as a whole determines the appointment and removal of the Company Secretary. Directors may, at the Company's expense, seek independent legal advice on any matter relating to the discharge of their duties.

There were six scheduled Board meetings during the year. Appropriate information for the business to be conducted is provided in advance of Board meetings. The Directors may make further enquiries, as they deem appropriate. The Chairman holds meetings with the Non-Executive Directors without the Executive Directors. The Senior Independent Director additionally holds meetings with the other Non-Executive Directors, without the Chairman present, to appraise the Chairman's performance.

New Non-Executive Directors receive an introduction to the business, meeting with senior executives for detailed discussions on the activities of the Group. Relevant training seminars have been attended by various Board members to provide further professional development.

The Board has evaluated its own performance and that of its Audit, Remuneration and Nominations Committees on a broad range of issues including structure, functionality and meeting of objectives, conduct of meetings, corporate governance and relationships with shareholders. The results of these evaluations have been discussed and the Senior Independent Director is responsible for implementing any recommendations for change. The Non-Executive Directors, led by the Senior Independent Director, are responsible for performance evaluation of the Chairman, taking into account the views of Executive Directors. The performance of the Chief Executive is reviewed by the Chairman and discussed with the Remuneration Committee by reference to achievement of individual and Company objectives.

The performance of other Executive Directors is reviewed and monitored by the Chief Executive and discussed annually with the Chairman and Remuneration Committee.

The Board delegates certain other responsibilities to the Audit, Remuneration and Nominations Committees, the terms of reference of which may be found on the Company's website at www.antisoma.com.

Board committees

The Audit Committee is chaired by Grahame Cook. Dale Boden was also a member during the year and Birgit Norinder was a member until 31 March 2009. Michael Lewis and Michael Pappas were appointed members with effect from 1 April 2009. Although Michael Pappas is not regarded as independent and this may not comply with the Combined Code 2008, the Board considers he has expertise to bring to the Audit Committee, which has three other members who are independent. The terms of reference for the Audit Committee include responsibility for monitoring the integrity and compliance of the financial statements, for reviewing significant financial judgements contained therein and for ensuring that arrangements for the independent audit of the Annual Report and Accounts and review of interim financial statements are appropriate and effective. The Audit Committee also reviews the internal financial control systems, treasury management procedures and controls and, together with the Board, risk management systems. The Audit Committee met three times during the year and was fully attended, with the Company's external auditors and the Chief Financial Officer attending when appropriate. The Audit Committee conducted a self-assessment of its performance by reference to an evaluation checklist. The Chair of the Audit Committee is nominated as the person to whom any financial or other matters of impropriety may be reported ('whistle-blowing'). The Audit Committee reviews and approves the engagement letters and scope for every piece of work carried out by the auditors and is satisfied with the auditors' statement regarding independence and

conflicts of interest. The Audit Committee is satisfied that the nature and extent of non-audit services does not impair auditor objectivity or independence. Details of the amounts paid to the external auditors during the year for audit and non-audit services are set out in the notes to the financial statements on page 38.

The Audit Committee operates a policy to safeguard the objectivity and independence of the external auditors. The policy sets out certain disclosure requirements by the external auditors to the audit committee, restrictions on the employment of the external auditors' former employees, partner rotation and procedures for the approval of non-audit services by the external audit firm. The Committee's policy is to review the necessity to consider whether to invite other firms to compete for the role with the incumbent firm at least as frequently as audit partner rotation is required. The Company's current auditors were originally appointed in 1998.

The Remuneration Committee recommends to the Board the compensation policy and strategy for the Group as a whole and specifically for Executive Directors and senior management. It also approves the grant of options under the Company Share Option Plan and Executive Incentive Plan, and the grant of deferred shares under the Deferred Share Bonus Plan. The Remuneration Committee is chaired by Dale Boden. Birgit Norinder was a member throughout the year, and Grahame Cook was a member until 31 January 2009. Michael Lewis became a member from 1 February 2009. The Report of the Board on remuneration is set out on pages 15 to 21. Three meetings of the Remuneration Committee were held during the year and were fully attended, with other members of the Board attending as appropriate.

The Nominations Committee is chaired by the Chairman of the Board. Grahame Cook, Senior Independent Director, Birgit Norinder and Glyn Edwards, Chief Executive Officer, are also members of it. The Committee recommends to the Board appointment of new Directors, having applied objective criteria in making any nomination, to ensure the Board has a balance of relevant skills and experience. It also evaluates the structure, size and composition of the Board and recommends any changes to the membership of the Board it considers appropriate, and assesses the independence of Non-Executive Directors. The Nominations Committee met twice during the year and both meetings were fully attended.

Attendance at Board meetings and committees

The Directors attended the following Board meetings and committees:

Board/Committee member	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Barry Price	6/6	n/a	n/a	2/2
Glyn Edwards	6/6	n/a	n/a	2/2
Raymond Spencer	3/3	n/a	n/a	n/a
Ursula Ney	6/6	n/a	n/a	n/a
Eric Dodd	3/3	n/a	n/a	n/a
Grahame Cook	6/6	3/3	1/1	2/2
Michael Pappas	5/6	n/a	n/a	n/a
Birgit Norinder	6/6	3/3	2/2	2/2
Dale Boden	6/6	3/3	2/2	n/a
Michael Lewis	6/6	n/a	1/1	n/a

Relationship with shareholders

The Company is committed to maintaining good relations with its shareholders through the provision of financial updates, interim and annual reports, press releases, presentations at conferences, through its website www.antisoma.com and through meeting with shareholders in general meetings. Individual meetings between Executive Directors and significant institutional shareholders are also arranged.

The Board takes steps to understand the views of major shareholders. This is achieved through feedback from meetings between management and significant shareholders and feedback from the Company's brokers and financial advisors. Non-Executive Directors together with the Chairman of the Board and the Executive Directors meet with shareholders at the AGM. Shareholders are invited to ask questions and to meet with Directors after the formal proceedings have ended. Shareholders may contact the Senior Independent Director if the normal channels of communication with the Company are inappropriate or have failed to resolve concerns.

Internal control and risk management

The Board has overall responsibility for ensuring that the Group maintains adequate systems of internal control. Such systems are designed to manage, rather than eliminate, risks and therefore can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established a formal process which accords with the Turnbull guidance for identifying and evaluating the significant risks faced by the Group and carries out a comprehensive risk assessment at least annually. The Board regularly reviews the system of internal controls and the effectiveness of risk identification and evaluation, updating the risk assessment as appropriate. This review process has been in place throughout the year up to the date of approval of the Annual Report and Accounts and covers risk management and controls of financial, operational and regulatory matters. The Group has reviewed its internal financial controls and also carried out operational risk assessments and reviewed insurance provisions. On the recommendation of the Audit Committee, taking into account the close involvement of the Chief Financial Officer and other Executive Directors in managing and supervising the Group's financial affairs and the Group's relatively small size, the Board does not consider it appropriate to have an internal audit function.

The Board ensures that there are effective internal controls over the financial reporting and consolidation processes. Monthly accounts and forecasts are presented to the Board for review. The finance team undertakes a programme of review of accounting processes and Company performance to provide assurance to the Board on the integrity of the information supplied, which forms part of the consolidated results of the Group.

The BioIndustry Association Code of Best Practice

The UK BioIndustry Association, of which Antisoma plc is a member, published a code in 2000 to establish principles of best practice for information communication and management amongst its members. An updated edition was published in 2006. The principles support and extend the Company's duty to publish and communicate information in a fair, equal and balanced manner. The Board is committed to providing quality dialogue with investors and other interested parties and confirms that the Group has complied with the Code for the year under review.

Information required to be included in this Corporate governance report pursuant to paragraph 7.2.9(1) of the Disclosure and Transparency Rules has been included in the section of the Directors' report headed 'Additional information for shareholders' on page 12.

Going concern

As at 30 June 2009 the Company and Group had cash and liquid resources of approximately £67 million, which are sufficient to meet the requirements of the business for at least the next 12 months. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities in respect of the Annual Report, the Report of the Board on remuneration and the financial statements

The Directors are responsible for preparing the Annual Report, the Report of the Board on remuneration 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 Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Group 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;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Directors' report (including Business review) confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' report (including Business review) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Kevin Kissane
Company Secretary
24 September 2009

Independent auditors' report to the members of Antisoma plc

We have audited the financial statements of Antisoma plc for the year ended 30 June 2009 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated and company balance sheets, the consolidated and company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 24, 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2009 and of the Group's loss and Group's and parent company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' remuneration report to be audited 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 24, in relation to going concern; and
- the parts of the Corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Stephanie Hyde.

Stephanie Hyde (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
24 September 2009

Consolidated income statement
for the year ended 30 June 2009

	Notes	2009 £'000	2008[1] £'000
Revenue	2	**25,230**	39,527
Cost of sales	7	**(9,085)**	–
Gross profit		**16,145**	39,527
Research and development expenditure		**(35,904)**	(22,249)
Administrative expenses		**(4,884)**	(6,480)
Total operating expenses	6	**(40,788)**	(28,729)
Operating (loss)/profit		**(24,643)**	10,798
Finance income	5	**5,055**	2,578
(Loss)/profit before taxation		**(19,588)**	13,376
Taxation	8	**3,161**	(1,047)
(Loss)/profit for the year	27	**(16,427)**	12,329
(Loss)/earnings per ordinary share			
Basic	10	**(2.7)p**	2.7p
Diluted	10	**(2.7)p**	2.6p

All amounts arise from continuing operations.

[1] Certain costs have been reclassified between research and development expenditure and administrative expenses as disclosed in Note 1.

Consolidated statement of recognised income and expense
for the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
(Loss)/profit for the year		**(16,427)**	12,329
Exchange translation difference on consolidation	28	**8,923**	(235)
Total recognised (expense)/income for the year		**(7,504)**	12,094

The Company has no other recognised income or expense in the year that did not pass through the income statement.

Consolidated balance sheet
as at 30 June 2009

	Notes	2009 £'000	2008[1] £'000
Assets			
Non-current assets			
Goodwill	11	**6,708**	5,559
Intangible assets	12	**51,257**	47,149
Property, plant and equipment	13	**1,967**	2,358
		59,932	55,066
Current assets			
Trade and other receivables	15	**1,701**	2,113
Current tax receivable		**3,484**	–
Short-term deposits	19	**27,824**	10,000
Cash and cash equivalents	19	**39,215**	56,861
		72,224	68,974
Liabilities			
Current liabilities			
Trade and other payables	16	**(7,417)**	(9,866)
Current income tax liabilities		**–**	(297)
Deferred income	18	**(19,690)**	(5,401)
Provisions	20	**(1,902)**	(629)
Net current assets		**43,215**	52,781
Total assets less current liabilities		**103,147**	107,847
Non-current liabilities			
Deferred income tax liabilities	17	**(6,708)**	(5,559)
Provisions	20	**(224)**	(81)
		(6,932)	(5,640)
Net assets		**96,215**	102,207
Shareholders' equity			
Share capital	21	**10,480**	10,467
Share premium	24	**119,783**	119,629
Shares to be issued	25	**2,273**	2,273
Other reserves	26	**46,919**	37,996
Profit and loss account	27	**(83,240)**	(68,158)
Total shareholders' equity		**96,215**	102,207

[1] Cash and cash equivalents and short-term deposits have been reclassified as disclosed in Note 1.

The financial statements on pages 26 to 56 were approved by the Board of Directors on 24 September 2009 and were signed on its behalf by:

Barry Price
Chairman

Eric Dodd
Chief Financial Officer

Company balance sheet
as at 30 June 2009

	Notes	2009 £'000	2008 £'000
Assets			
Non-current assets			
Investments in subsidiaries	14	**95,937**	74,659
Trade and other receivables	15	**128,688**	128,662
		224,625	203,321
Current assets			
Trade and other receivables	15	**9**	9
Cash and cash equivalents		**25**	–
		34	9
Liabilities			
Current liabilities			
Trade and other payables	16	**(21,307)**	(225)
Net current liabilities		**(21,273)**	(216)
Net assets		**203,352**	203,105
Shareholders' equity			
Share capital	21	**10,480**	10,467
Share premium	24	**119,783**	119,629
Shares to be issued	25	**2,273**	2,273
Other reserves	26	**49,599**	64,894
Profit and loss account	27	**21,217**	5,842
Total shareholders' equity		**203,352**	203,105

The financial statements on pages 26 to 56 were approved by the Board of Directors on 24 September 2009 and were signed on its behalf by:

Barry Price
Chairman

Eric Dodd
Chief Financial Officer

Consolidated cash flow statement
for the year ended 30 June 2009

	Notes	2009 £'000	2008[1] £'000
Cash flows from operating activities			
(Loss)/profit for the year		**(16,427)**	12,329
Adjustments for:			
Foreign exchange gain		**(2,238)**	–
Finance income		**(5,055)**	(2,578)
Tax (credit)/charge		**(3,161)**	1,047
Depreciation of property plant and equipment		**650**	213
Derecognition of an intangible asset	7	**8,750**	–
Share-based payments		**1,345**	1,051
Operating cash flows before movement in working capital		**(16,136)**	12,062
Decrease in trade and other receivables		**385**	961
Increase/(decrease) in trade and other payables and deferred income		**12,829**	(28,506)
Cash used in operations		**(2,922)**	(15,483)
Finance income		**1,951**	2,753
Income taxes paid		**(620)**	–
Research and development tax credit received		**–**	2,011
Net cash used in operating activities		**(1,591)**	(10,719)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(232)**	(1,969)
Sale of property, plant and equipment		**8**	–
Purchase of intangible assets		**(1,779)**	(1,605)
(Purchase)/sale of short-term deposits		**(17,824)**	(5,000)
Acquisition expenses	29	**–**	(866)
Cash acquired with subsidiary		**–**	629
Net cash used in investing activities		**(19,827)**	(8,811)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**167**	20,966
Expenses paid in connection with issue of ordinary share capital	28	**–**	(980)
Net cash generated from financing activities		**167**	19,986
Net (decrease)/increase in cash and cash equivalents		**(21,251)**	456
Exchange gains/(losses) on cash and cash equivalents		**3,605**	(9)
Cash and cash equivalents at beginning of year		**56,861**	56,414
Cash and cash equivalents at end of year		**39,215**	56,861

[1] Cash and cash equivalents and short-term deposits have been reclassified as disclosed in Note 1.

Company cash flow statement
for the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Loss for the year		**(1,265)**	(930)
Adjustments for:			
Finance income		**(780)**	(608)
Impairment of investment		**1,717**	–
Operating cash flows before movement in working capital		**(328)**	(1,538)
Increase in trade and other receivables		**(26)**	(18,304)
(Decrease)/increase in trade and other payables		**(568)**	114
Cash used in operations		**(922)**	(19,728)
Finance income		**780**	608
Net cash used in operating activities		**(142)**	(19,120)
Cash flows from investing activities			
Acquisition expenses		**–**	(866)
Net cash (used in)/generated from investing activities		**–**	(866)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**167**	20,966
Expenses paid in connection with issue of ordinary share capital	28	**–**	(980)
Net cash generated from financing activities		**167**	19,986
Net increase in cash and cash equivalents		**25**	–
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**25**	–

Notes to the consolidated financial statements

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of its registered office is Chiswick Park Building 5, 566 Chiswick High Road, London W4 5YF.

Basis of preparation

The consolidated financial statements have been prepared by Antisoma plc in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the EU, and International Financial Reporting Interpretation Committee interpretations (IFRIC) and with those parts of the Companies Act 1985/2006 applicable to companies reporting under IFRS.

Adoption of new accounting standards

No IFRS or IFRIC interpretations and amendments have been adopted in the year.

The following standards, amendments and interpretations effective in the Group accounts from 1 July 2008 are not relevant to the operations of the Group:

- Amendment to IAS 39 'Financial instruments recognition and measurement';
- Amendment to IFRS 7 'Financial instruments: disclosures on reclassification of financial assets';
- IFRIC 12 'Service concession agreements';
- IFRIC 13 'Customer loyalty programmes'; and
- IFRIC 14 'IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction'.

Future announcements

The following IFRS and IFRIC interpretations, which are relevant to the Group, have been issued by the International Accounting Standards Board (IASB) but are not yet effective. None are likely to have a material effect on the Group's results of operations or financial position.

In November 2006, the IASB issued IFRS 8 'Operating segments' which is required to be implemented in the financial year commencing 1 July 2009. This aligns the IFRS reporting of segmental analysis with that provided in accordance with US GAAP and requires segmental analysis reported by an entity to be based on information used by management.

In March 2007 the IASB issued IAS 23 'Amendment: borrowing costs', an amendment to IAS 23, which requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. This change in treatment should be applied prospectively in the Group's annual periods beginning 1 July 2009.

In September 2007, the IASB issued IAS 1 (revised) 'Presentation of financial statements'. The amendments to the standard mandate various presentation formats and disclosures, many of which are consistent with the way the Group currently presents its financial statements. Movements in equity will be presented in a statement of changes in equity rather than as a note to the financial statements. This change in treatment should be applied prospectively in the Group's annual periods beginning 1 July 2009.

In January 2008, the IASB issued IFRS 2 (revised) 'Share-based payments'. The revised standard specifies that all cancellations of share-based payment arrangements, including those by an employee or other counterparty, should receive the same accounting treatment of requiring immediate recognition in the income statement of the charge that would otherwise have been recognised over the remainder of the service period. The revised standard will apply retrospectively in the Group's annual periods beginning 1 July 2009.

In January 2008, the IASB issued IFRS 3 (revised) 'Business combinations', which is required to be implemented in the financial year commencing 1 July 2009. The revised standard continues to apply the acquisition method to business combinations with some significant changes. For example, all payments to purchase a business are to be recorded at fair value on the date of acquisition, with contingent payments classified as debt and subsequently remeasured through the income statement. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 July 2009.

The following interpretations are not yet effective and not relevant for the Group's operations:

- IAS 27 'Consolidated and separate financial statements (revised)';
- IAS 39 'Financial instruments, recognition and measurement (amended)';
- IFRS 7 'Financial instruments disclosure (amended)';
- IFRIC 15 'Agreements for the construction of real estate'; and
- IFRIC 16 'Hedges of a net investment in a foreign operation'.

The Group has not early adopted any of the standards issued but not effective.

1. Principal accounting policies continued

Reclassification

The Directors have reviewed the classification of certain items within the income statement and balance sheet and believe, in order to aid comparison, it is more appropriate to classify the following differently than was reported in prior periods:

The Group's definition of cash and cash equivalents has been restated to reflect more accurately the underlying substance of the deposits. Historically cash was classified as a deposit when its duration was over 90 days whereas it now includes all cash deposited for more than three months. The impact of the change is to increase cash and cash equivalents and reduce short-term deposits by £nil (2008: £23,000,000). The relevant comparatives in the cash flow statement have been amended to reflect this adjustment.

Certain costs were previously included within administrative expenses and have been reclassified in research and development (R&D) expenditure in order to be consistent with industry sector accounting practices. The impact of the change is to increase R&D costs and reduce administrative expenses by £8,177,000 (2008: £3,817,000). Reallocated costs include business development, facilities and a proportion of other overheads directly attributable to R&D activities. There is no impact on operating profit/loss or earnings/loss per share.

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements, such as intangible assets (Note 12). Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial information of the Company and all its subsidiary undertakings.

The acquisition of Antisoma Research Limited was a business combination involving entities under common control. The financial statements of Antisoma Research Limited have been consolidated using the principles of 'merger accounting'. The principles of merger accounting are that the assets and liabilities of the acquired company are not restated to fair value, no goodwill arises and the consolidated financial information incorporates the combined companies' results as if the companies had always been combined.

In line with the provisions of IFRS 1, acquisitions completed before 1 July 2004 have not been accounted for under IFRS 3. Instead, the historical UK GAAP accounting treatment has been retained.

All other subsidiaries have been consolidated using the principles of acquisition accounting under IFRS 3. Under IFRS 3, the results of acquired subsidiaries are included in the consolidated income statement from the date that they are acquired. The cost of an acquisition is measured as the fair value of consideration, including costs directly attributable to the acquisition. All of the subsidiary's identifiable assets and liabilities that exist at the date of acquisition are recorded at their fair values. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intra-Group transactions, profits and balances are eliminated in full on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business combinations' are recognised at their fair values at the acquisition date. If the conditions of section 612 of the Companies Act 2006 are met, merger relief is taken on the issue of shares and a merger reserve is recognised.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration over the fair value of the Group's share of identifiable net assets acquired. Goodwill is recognised as an asset and carried at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually and whenever there is an indicator of impairment. Impairment losses in respect of goodwill are not reversed. As permitted by IFRS 1, goodwill written off prior to transition to IFRS has not been reinstated as an asset and will not be included in determining any subsequent profit or loss on disposal. See Note 11 for a detailed description of the impairment review that is carried out.

1. Principal accounting policies continued

Intangible fixed assets

Intangible fixed assets other than goodwill, which comprise licences, product rights and in process R&D, are recorded at their fair values at acquisition date (if acquired as part of a business combination) or cost (if acquired separately) and are amortised on a straight-line basis over their estimated useful economic lives from the time they are available for use. Where a product is at a relatively early stage of development the full cost of the licences or rights purchased are capitalised but not amortised until that product is available for use. Subsequent milestone payments made by the Group to the licensor are also capitalised as and when they are made. Annual maintenance charges paid per the terms of the licence agreement are expensed in R&D costs as they are incurred.

Assets that are not yet available for use are not subject to amortisation and are tested at least annually for impairment or whenever there is an indicator of impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying value exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. See Note 12 for a detailed description of the impairment review that has been carried out.

Impairment

In carrying out impairment reviews of goodwill, intangible and tangible assets, a number of significant assumptions have to be made when preparing cash flow projections. These include the likelihood of success of clinical trials, the likelihood of regulatory approval, the milestone payments receivable, future rates of market growth, the market demand for the products, the future profitability of the products, and the longevity of the products in the market. If actual results should differ or changes in expectations arise, impairment charges may be required which would materially impact on operating results. Details of impairment reviews can be seen in Notes 11 and 12.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and any impairment in value. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all property, plant and equipment, over their expected useful lives. It is calculated on a straight-line basis at the following rates:

Office equipment	15% per annum
Computers – office and laboratory	33% per annum
Office fixtures and fittings	33% per annum
Laboratory fixtures and fittings	20% per annum
Laboratory equipment – owned	20% per annum
Laboratory equipment – leased	20% per annum

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with banks that have a maturity of three months or less from the date of inception.

Deposits that have a maturity greater than three months but less than a year from the date of inception have been disclosed separately as short-term deposits.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. Provisions are not recognised for future operating losses.

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 directly in equity. In this case the tax is recognised in equity.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns in regard to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1. Principal accounting policies continued

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements in accordance with IAS 12 'Income taxes'. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

R&D tax credits

The Group makes claims each year for R&D tax credits and, when it is loss making, elects to take the cash equivalent amount. The Group accrues for the expected cash equivalent amount for each year into that year's financial statements.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments in respect of operating leases are charged on a straight-line basis to the income statement over the lease term.

Revenue

Revenue, which excludes value added tax, represents the fair value of consideration receivable in respect of goods and services supplied. The Group's business strategy includes entering into collaborative licence and development agreements with biotechnology and pharmaceutical companies for the development and commercialisation of the Group's product candidates. The terms of the agreements historically have included non-refundable licence fees, funding of R&D, payments based on the achievement of clinical development milestones, and royalties on product sales. In certain instances the agreements have included the sale of exclusive options on future compounds and share subscription agreements.

Revenue arising from collaborative agreements consisting of multiple elements is allocated to those elements in accordance with contractual terms, which are indicative of the fair values of the individual elements. Significant management judgement is required in determining whether, in substance, elements of such contracts operate independently of other elements and whether they should therefore be accounted for separately. Revenue in respect of each separable element (or, where no elements are separable, in respect of the contract as a whole) are spread over the period over which the Group is expected to complete its service obligations under an arrangement. In the absence of a more rational basis on which such milestones may be recognised, up-front milestones are typically recognised on a straight-line basis over the performance period. In particular, if the Group is involved in a steering committee as part of a multiple element arrangement, the Group assesses whether its involvement constitutes an obligation or a right to participate. Steering committee services that are considered significant obligations are combined with other research service obligations required under an arrangement, if any, in determining the level of effort required in an arrangement and the period over which the Group expects to complete its obligations.

Revenue relating to amounts received from third parties in respect of the divestment of product rights, patents and intellectual property to those third parties is recognised, in the period in which the risks and rewards of the associated rights, patents and intellectual property are substantially transferred to the acquiring party.

Amounts received or receivable under R&D contracts and collaborative research agreements are recognised as revenue in the period in which the related costs are incurred or services are provided. These contributions towards costs incurred are received where the Group is the principal in the transaction, and as such these amounts have been recorded gross as revenue and not netted against costs incurred. As revenue represents contributions towards costs incurred, no amounts have been allocated to cost of sales; instead all costs relating to these development programmes are recorded as R&D expenditure.

Non-refundable licence fees and payments on the achievement of development milestones are recognised as revenue when the Group has a contractual right to receive such payment, the amount can be measured reliably, it is probable that the economic benefits associated will flow to the Group, and when the specific conditions stipulated in the licence agreements have been satisfied.

Royalty revenue is to be recognised upon the sale of the related products, provided that the royalty amounts are reliably measurable, it is probable the benefits will be received, and the Group has no remaining obligations under the arrangement.

Amounts receivable as option fees to access the Group's intellectual property are spread over the option period.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred. Advertising and promotion expenditure is charged to the income statement as incurred. Shipment costs on intercompany transfers are charged to cost of sales; distribution costs on sales to customers are included in selling, general and administrative expenditure.

1. Principal accounting policies continued

R&D expenditure

R&D expenditure is currently written off to the income statement as it is incurred. Due to regulatory and other uncertainties inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38 'Intangible assets', are not met until the product has been submitted for regulatory approval and when it is highly probable that future economic benefits will flow to the Group. The Group does not currently have any internal development costs that qualify for capitalisation as intangible assets.

Financial instruments

Forward exchange contracts and foreign exchange options are revalued to fair value with net unrealised gains and losses recorded in the income statement. The Group does not employ hedge accounting. The Group does not have in existence any forward exchange contracts at the year-end.

Foreign currency

The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates. Transactions denominated in foreign currencies have been translated into the functional currency of the Group entity at month end rates of exchange. Monetary assets and liabilities denominated in foreign currencies have been translated at rates ruling at the balance sheet date. Exchange differences have been taken to operating results in the income statement.

The results of foreign operations are translated into the Group's presentational currency at average monthly exchange rates and their balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves.

In preparing the Group's financial statements, the Board makes judgements in relation to the determination of the functional currency of each of its undertakings. In respect to its UK trading subsidiary, a substantial part of its expenses are denominated in Sterling. While the revenues of the subsidiary under the Novartis agreement are principally denominated in US Dollars, the Board considers the economic environment that mainly influences revenues to be global rather than solely that of the US. Furthermore, historically the Group has retained the majority of its cash and short-term deposits in Sterling, except as necessary to meet anticipated liabilities to suppliers requesting payments in US Dollars. Although the Group may from time to time maintain substantial monetary assets in other currencies, it has determined that Sterling is the functional currency for its UK trading subsidiary.

The presentational currency of the Group and the Company is Sterling.

Pension costs

Retirement benefits to employees and Directors are provided by defined contribution pension schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions made by the Group are charged to the income statement in the period to which they relate.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share options

In accordance with IFRS 2 'Share-based payment', share options are measured at fair value at their grant date. The fair value is charged on a straight-line basis to the income statement over the expected vesting period. National Insurance payable on the exercise of share-based payments is treated as a cash-settled share-based payment under IFRS 2 and the Group makes charges to the income statement based on an estimate of the National Insurance liability in respect of the outstanding awards at each period end. Where the National Insurance liability is virtually certain to be recovered from the relevant employees a corresponding receivable amount is also recognised in the income statement. Details of the assumptions used in calculating the share-based payment charge are detailed in Note 23.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments to subsidiary undertakings, with a corresponding credit to equity.

2. Segmental information

Primary reporting segment – business segment

The Directors are of the opinion that under IAS 14 'Segmental information', the Group has only one business segment, being drug development.

Secondary reporting segment – geographical segment

The Group's geographical segments are determined by location of operations.

2. Segmental information continued

All revenue has been derived from external customers located in the US and Europe. The principal sources of revenue for the Group in the two years ended 30 June 2009 were:

	2009 £'000	2008 £'000
US		
Recognition of income from the divestment of oral fludarabine (Note 7)		
sanofi-aventis	**19,690**	–
Europe		
Recognition of up-front and milestone payments on a time apportioned basis:		
Novartis	**5,401**	38,806
Other	**–**	265
R&D services and materials recharged:		
Novartis	**139**	456
Total revenues	**25,230**	39,527

Income in relation to the Novartis agreement has been recognised over the 16-month period to 31 July 2008.

The following table shows the carrying value of segment assets by location of assets:

	2009 £'000	2008 £'000
Total assets		
UK	**105,331**	75,264
US	**26,825**	48,776
Total	**132,156**	124,040

Total assets are allocated based on where the assets are located.

The following table shows the costs in the period to acquire property, plant, equipment and intangibles by location of assets:

	2009 £'000	2008 £'000
Capital expenditure		
UK	**1,875**	3,574
US	**136**	26,900
Total	**2,011**	30,474

Capital expenditure is allocated based on where the assets are located.

3. Directors' emoluments

Directors' emoluments receivable by Directors of Antisoma plc from Antisoma Group companies are as follows:

	2009 £'000	2008 £'000
Aggregate emoluments		
Emoluments and benefits	**1,576**	1,422
Pension costs	**168**	94
Highest-paid Director		
Emoluments and benefits	**474**	548
Pension costs	**38**	38

The three (2008: three) Executive Directors have retirement benefits accruing to them through defined contribution schemes, in respect of qualifying services.

Detailed information concerning Directors' remuneration and interests in share options is set out in the Report of the Board on remuneration on pages 15 to 21.

The Directors made gains of £nil (2008: £nil) in relation to the exercise of share options.

4. Employee information

The average number of persons (including Executive Directors) employed by the Group during the year was:

	2009	2008
By activity		
Administration	**30**	27
R&D	**58**	44
	88	71

The cost relating to the above employees is as follows:

	2009 £'000	2008 £'000
Staff costs		
Wages and salaries	**8,465**	5,858
Social security costs	**876**	730
Pension costs – defined contribution plans (see Note 33)	**733**	434
Termination payments	**814**	363
Share-based payments	**1,345**	1,051
	12,233	8,436

Termination payments in the year relate to a number of redundancies made in the course of the year. Termination payments in the prior year include £316,000 relating to the closure of the Montreal office (see Note 6)

Key Management Compensation (included in staff costs) (includes nine (2008: eight) senior managers, three (2008: three) Executive Directors and six (2008: six) non-Executive Directors) was:

	2009 £'000	2008 £'000
Salaries and short-term employee benefits	**3,291**	2,597
Pension costs	**293**	221
Termination payments	**237**	–
Share-based payments	**766**	730
	4,587	3,548

The Company has nil employees (2008: nil employees).

5. Finance income

	2009 £'000	2008 £'000
Interest receivable:		
– On short-term deposits	**1,178**	2,007
– On cash and cash equivalents	**635**	571
Net foreign exchange gains on financing activities	**3,242**	–
	5,055	2,578

6. Operating (loss)/profit

The following items have been charged/(credited) in arriving at the operating (loss)/profit:

	2009 £'000	2008 £'000
Depreciation on tangible owned property, plant and equipment	**650**	213
Hire of plant and machinery – operating leases	**9**	25
Hire of other assets – operating leases	**1,216**	351
Net foreign exchange differences	**(2,238)**	464
Restructuring costs	**–**	476
Auditors' remuneration (see below)	**254**	784

6. Operating (loss)/profit continued

The restructuring costs in the prior year are included in administrative expenses and comprise £316,000 redundancy payments and £160,000 other restructuring costs relating to the closure of the Montreal office.

	2009 £'000	2008 £'000
Auditors' remuneration		
Audit services		
Fees payable to the Company's auditor for the audit of the Company and consolidated accounts	**45**	43
Non-audit services		
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**33**	30
Other services pursuant to legislation	**91**	671
Tax services	**85**	40
	254	784

Other services provided by the Group's auditors

The terms of reference for the Audit Committee include responsibility for monitoring the integrity and compliance of the financial statements, for reviewing significant financial judgements contained therein and for ensuring that arrangements for the independent audit of the Annual Report and Accounts and review of interim financial statements are appropriate and effective. The Audit Committee reviews and approves the engagement letters and scope for every piece of work carried out by the auditors and is satisfied with the audit company's statement regarding compliance and conflicts of interest. The Audit Committee is satisfied that the nature and extent of non-audit services does not impair auditor objectivity or independence.

Of the services above for the year ended 30 June 2008, £148,000 has been included in the cost of acquisition and £121,000 relates to fundraising expenses, which were included in the share premium account.

7. Disposal of oral fludarabine

During the year ended 30 June 2009, the Group sold the US rights to oral fludarabine to sanofi-aventis LLC which had previously been recognised as an intangible asset in the Group's balance sheet. The carrying value of the intangible asset disposed of through cost of sales was £8,750,000. An up-front payment net of the costs of disposal of £39,380,000 was received in the year; however, certain elements of the consideration totalling £19,690,000 have not met the criteria for recognition in the current financial period and have been recognised as deferred income in the balance sheet at 30 June 2009. The Group is also entitled to receive contingent payments of $1,000,000 per annum for the next five years subject to certain conditions being met in each of those five years. These payments will be recognised in the Group's income statement when the conditions relating to the payment have been satisfied.

8. Taxation

	2009 £'000	2008 £'000
Current tax:		
Current tax on (loss)/profit for the year	**(3,484)**	297
Adjustments in respect of prior years	**323**	–
Total current tax	**(3,161)**	297
Deferred tax	**–**	750
Total tax (credit)/charge for the period	**(3,161)**	1,047

The tax on the Group's profit or loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits or losses of the consolidated entities as follows:

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities before taxation	**(19,588)**	13,376
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax at 28% (2008: 29.5%)	**(5,485)**	3,945
Effects of:		
Timing differences between depreciation and capital allowances charged	**4**	(532)
Expenses not deductible for tax purposes	**377**	(38)
Losses carried forward/(utilised) or surrendered for R&D tax credits	**4,552**	(3,375)
Losses carried back	**552**	–
Deferred tax asset movement	**–**	750
Current year R&D tax credit	**(2,864)**	–
Adjustment in respect of prior periods	**323**	–
Tax (credit)/charge on interest income	**(620)**	297
Total tax (credit)/charge for the period	**(3,161)**	1,047

8. Taxation continued

During the previous year the UK corporation tax rates reduced from 30% to 28% effective from 1 April 2008. The effective rate of 29.5% for 2008 was calculated based on these rates, pro rated over the year.

At 30 June 2009, the Group had tax losses available for carry forward in excess of £98 million (2008: £88 million) subject to agreement with the relevant tax authority.

9. Company loss for the financial year

As permitted by section 408 of the Companies Act 2006, the parent company's (the Company's) income statement has not been included with these financial statements. The results for the Company are presented under IFRS.

The Company's result for the financial year was a loss of £1,265,000 (2008: loss of £930,000).

The Company has no other recognised income or expense in the year that did not pass through the income statement; hence a statement of recognised income and expense has not been prepared for the Company.

10. (Loss)/earnings per share

Basic (loss)/earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year ended 30 June 2009.

	2009	2008
(Loss)/earnings for the year (£'000)	**(16,427)**	12,329
Weighted average number of shares ('000)	**613,901**	455,649
Basic (loss)/earnings per ordinary share	**(2.7)p**	2.7p

	2009	2008
(Loss)/earnings for the year (£'000)	**(16,427)**	12,329
Weighted average number of shares ('000)	**613,901**	455,649
Adjustments for:		
– Share options ('000)	**–**	19,269
– Deferred consideration shares ('000)	**–**	523
Weighted average number of shares ('000)	**613,901**	475,441
Diluted (loss)/earnings per ordinary share	**(2.7)p**	2.6p

In the year ended 30 June 2009, the Group had no dilutive potential ordinary shares in issue because it was loss making.

11. Goodwill

Group

	2009 £'000	2008 £'000
Cost		
As at 1 July	**5,559**	5,523
Revaluation due to changes in foreign exchange rates	**1,149**	36
As at 30 June	**6,708**	5,559
Accumulated impairment losses		
As at 1 July	**–**	–
Impairment losses for the year	**–**	–
As at 30 June	**–**	–
Net book value at 30 June	**6,708**	5,559

11. Goodwill continued

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. During the year, the acquired goodwill in respect of Antisoma, Inc. was tested for impairment in accordance with IAS 36. This test resulted in no impairment of the goodwill. In order to test the impairment of the goodwill in respect of Antisoma, Inc. a discounted cash flow model was created for AS1411, the product acquired with Antisoma, Inc. A number of significant assumptions have to be made when preparing cash flow projections. The discounted cash flow looks at all future cash outflows for AS1411, such as clinical trial costs and marketing and sales costs, and also looks at cash inflows from milestone payments and royalties (based on estimated penetration levels, estimated price in each target market and market growth rates of 1%). Cash flows are considered over the period to 2021. If actual cash flows should differ, or changes in expectations arise, impairment charges may be required which would materially impact on operating results. These cash flows are then probability weighted based on the stage of development of AS1411 using standard industry probability factors. All the cash flows are then discounted using the Group's pre-tax weighted average cost of capital of 13.5% (2008: 14.0%) as applied to development products. If the total net present value is in excess of the intangible book value of AS1411 (see Note 12) plus the goodwill then no impairment is made to the goodwill. This test resulted in no impairment of the goodwill.

No reasonably likely change in a key assumption would have given rise to an impairment of goodwill.

Company

The Company has no goodwill.

12. Intangible assets

Group

	Licences and product rights £'000	Aptamera Intellectual Property £'000	Xanthus Intellectual Property £'000	Total £'000
Cost				
At 1 July 2007	5,046	15,651	–	20,697
Additions	1,605	–	–	1,605
Acquisitions	–	–	26,781	26,781
Revaluation due to changes in foreign exchange rates	–	101	(403)	(302)
At 30 June 2008	6,651	15,752	26,378	48,781
Additions	400	–	1,379	1,779
Disposals	–	–	(8,750)	(8,750)
Revaluation due to changes in foreign exchange rates	–	3,256	7,823	11,079
At 30 June 2009	7,051	19,008	26,830	52,889
Amortisation				
Aggregate amortisation and impairment at 1 July 2007	1,632	–	–	1,632
Impairment charge	–	–	–	–
At 30 June 2008	1,632	–	–	1,632
Impairment charge	–	–	–	–
At 30 June 2009	1,632	–	–	1,632
Net book amount at 30 June 2009	**5,419**	**19,008**	**26,830**	**51,257**
Net book amount at 30 June 2008	5,019	15,752	26,378	47,149

The disposal in the year of £8,750,000 (2008: £nil) relates to the disposal of the Intellectual Property of the Group's oral fludarabine product (see Note 7).

The Group tests intangible assets that have not yet been brought into use annually for impairment, or more frequently if there are indications that intangible assets might be impaired.

The intangible assets have not been amortised as the products are not sufficiently close to market to be considered to have been brought into use and therefore subject to amortisation under IAS 38.

In carrying out impairment reviews of intangible assets, a number of significant assumptions have to be made by management when preparing cash flow projections. These include the likelihood of success of clinical trials, the likelihood of regulatory approval, the milestone payments received, future rates of market growth estimated at between 1% and 2%, the market demand for the products, the future profitability of the products, the longevity of the products in the market and cost of capital. Cash flows are considered over the period to 2021. If actual cash flows should differ, or changes in expectations arise, impairment charges may be required which would materially impact on operating results. These cash flows are then probability weighted based on the stage of development of each product using standard industry probability factors. All the cash flows are then discounted using the Group's pre-tax weighted average cost of capital of 13.5% as applied to development products.

12. Intangible assets continued

The carrying value of intangible assets is reduced to net realisable value where there is an indication of impairment, such as when product candidates are no longer being developed. Such charges are made to administrative costs in the income statement.

No reasonably likely change in a key assumption would have given rise to an impairment of any other intangible asset.

There has been no amortisation expense in relation to the intangible assets for the year.

Company

The Company has no intangible fixed assets.

13. Property, plant and equipment

Group

	Office computers, equipment, fixtures and fittings (owned) £'000	Computers, laboratory equipment (leased) £'000	Laboratory computers, equipment, fixtures and fittings (owned) £'000	Total £'000
Cost				
At 1 July 2007	899	161	2,047	3,107
Additions at cost	1,700	–	269	1,969
Acquisitions	89	–	30	119
Disposals	(277)	–	(712)	(989)
Exchange movement	(19)	–	(6)	(25)
At 30 June 2008	2,392	161	1,628	4,181
Additions at cost	73	–	159	232
Disposals	(48)	(161)	(94)	(303)
Exchange movement	10	–	15	25
At 30 June 2009	2,427	–	1,708	4,135
Depreciation				
At 1 July 2007	831	161	1,630	2,622
Charge for the year	93	–	120	213
Disposals	(277)	–	(712)	(989)
Exchange movement	(17)	–	(6)	(23)
At 30 June 2008	630	161	1,032	1,823
Charge for the year	309	–	341	650
Disposals	(10)	(161)	(125)	(296)
Exchange movement	–	–	(9)	(9)
At 30 June 2009	929	–	1,239	2,168
Net book amount at 30 June 2009	**1,498**	**–**	**469**	**1,967**
Net book amount at 30 June 2008	1,762	–	596	2,358

Company

The Company has no tangible fixed assets.

14. Investments

Company

	2009 £'000	2008 £'000
Cost and valuation of interests in Group undertakings		
As at 1 July	**74,659**	49,945
Additions	**36,597**	23,663
Impairment	**(1,717)**	–
Disposals	**(14,947)**	–
Capital contributions in respect of share-based payments	**1,345**	1,051
As at 30 June	**95,937**	74,659

14. Investments continued

During the year the Group underwent a group reconstruction. The disposal in the current year relates to the sale of Antisoma, Inc. to Xanthus Pharmaceuticals, Inc. (a subsidiary of the Company). Antisoma, Inc. was subsequently merged into Xanthus Pharmaceuticals, Inc. Xanthus Pharmaceuticals, Inc. was then renamed Antisoma, Inc. The impairment arises in the year as the net present value of the expected future cash flows of Antisoma, Inc. (formerly Aptamera, Inc.) at the date of the reconstruction was lower than the carrying value of the investment in the subsidiary undertaking. The impairment loss writes down the carrying value of the investment to the valuation of the subsidiary undertaking at the date of the reorganisation.

The additions in the current year relate to subscriptions for shares in Antisoma Research Limited and Antisoma Ventures Limited. The addition in the prior year relates to the purchase of Antisoma, Inc. (formerly named Xanthus Pharmaceuticals, Inc.) (see Note 29).

The share-based payment charges relate to the share options granted in the Company on behalf of employees of Antisoma Research Limited and Antisoma, Inc. (formerly Xanthus Pharmaceuticals, Inc.).

Interests in Group undertakings

Name of undertaking	Country of incorporation	Description of shares held	% of nominal value of issued shares held	Principal business activity
Antisoma Research Ltd	Great Britain	1p 'A' ordinary and £1 redeemable preference	100	development and commercialisation of potential therapeutic products for the treatment of cancer
Antisoma Ventures Ltd	Great Britain	£1 ordinary shares	100	development and commercialisation of potential therapeutic products for the treatment of cancer
Spring Fall Ltd	Great Britain	1p ordinary	100	dormant
Cancer Therapeutics Ltd	Great Britain	£1 'A' ordinary and 25p 'B' ordinary	100	dormant
Antisoma Development Ltd	Great Britain	£1 ordinary shares	100	dormant
Antisoma Inc. (formerly Xanthus Pharmaceuticals, Inc.)	United States of America	US$0.001	100	development and commercialisation of potential therapeutic products for the treatment of cancer
Theranostics, Inc.	Canada	CAD$0.01	100	development and commercialisation of potential therapeutic products for the treatment of cancer
Xanthus Securities, Inc.	United States of America	US$0.01	100	investing entity established under Massachusetts law

15. Trade and other receivables

Group

	2009 £'000	2008 £'000
Other receivables	**477**	632
Prepayments and accrued income	**1,224**	1,481
	1,701	2,113

15. Trade and other receivables continued

Company

	2009 £'000	2008 £'000
Non-current		
Amounts owed by Group undertakings	**128,688**	128,662
Current		
Prepayments and accrued income	**9**	9
	128,697	128,671

There are no fixed repayment terms in respect of the amounts owed by Group undertakings, which represent the funding of ongoing R&D requirements.

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

16. Trade and other payables – current

Group

	2009 £'000	2008 £'000
Trade payables	**979**	3,055
Other tax and social security	**228**	271
Accruals	**6,210**	6,540
	7,417	9,866

Company

	2009 £'000	2008 £'000
Amounts owed to Group undertakings	**21,250**	–
Accruals	**57**	225
	21,307	225

There are no fixed repayment terms in respect of the amounts owed by Group undertakings, which arose on a restructuring in the year.

The Group considers that the carrying amount of trade and other payables approximates their fair value.

17. Deferred tax

Group

	2009 £'000	2008 £'000
Deferred tax payable at 1 July	**(5,559)**	(5,523)
Revaluation due to changes in foreign exchange rates	**(1,149)**	(36)
Deferred tax payable at 30 June	**(6,708)**	(5,559)
Deferred tax receivable at 1 July	**–**	750
Reversal of deferred tax payable	**–**	(750)
Deferred tax receivable at 30 June	**–**	–

The deferred tax payable relates to intangible assets recognised on the acquisition of Aptamera, Inc. in 2005. The amount recognised is net of deferred tax receivables on brought forward losses arising in the same tax jurisdiction. The movement in the deferred tax payable relates to the restatement of the Dollar value of the Antisoma, Inc. balance sheet.

A deferred tax receivable of £750,000 was reversed in the prior year due to operating losses being forecast for the foreseeable future.

Deferred tax receivables and payables are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

17. Deferred tax continued

No other provisions for deferred tax have been made in other tax jurisdictions as it is probable that no liability will arise in the foreseeable future due to the availability of tax losses. The amount unprovided of the total potential liability/(asset) is as follows:

Group

	2009 £'000	2008 £'000
Tax effect of timing differences		
Excess of depreciation over capital allowances	**57**	596
Other short-term timing differences	**–**	(8)
Employee benefits in excess of amounts vested	**(1,251)**	(949)
Losses carried forward	**(27,407)**	(24,861)
	(28,601)	(25,222)

Company

No provision for deferred tax has been made as it is probable that no liability will arise in the foreseeable future due to the availability of tax losses that can be group relieved. No deferred tax assets have been recognised as there is insufficient certainty of future taxable profits.

18. Deferred income

Group

	2009 £'000	2008 £'000
Deferred income <1 yr	**19,690**	5,401

The deferred income balance at 30 June 2009 relates to a proportion of the proceeds received from the divestment of the rights to oral fludarabine, which does not qualify for recognition in the current financial year.

The deferred income balance at 30 June 2008 relates to the up-front payment of £38 million from Novartis, received in April 2007, and the milestone payment of £12.5 million from Novartis, received in May 2008, which was recognised on a straight-line basis over the 16 months to 31 July 2008 in line with the Group's revenue recognition policy.

Company

The Company has no non-current liabilities.

19. Financial instruments

The financial risks faced by the Group include liquidity risk, interest rate risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks. Where appropriate, the Group uses derivative financial instruments to reduce exposure to foreign exchange risk; it does not use derivative financial instruments for trading purposes.

The Group's main objectives in using financial instruments are the maximisation of returns from funds held on deposit while maintaining credit risk at acceptable levels and, when appropriate, the generation of additional cash resources through financing arrangements for capital assets and the issue of shares. The Group also considers whether to use forward contracts in order to manage the cash flow risk associated with foreign currency revenues and purchases.

Liquidity risk

The Group's policy is to raise cash in advance of when it is required and when market conditions are appropriate, using those financial instruments that can be negotiated with the providers of finance at that time. The Group determines that sufficient cash balances should be held as cash and cash equivalents to meet liabilities as they fall due.

Interest rate risk

The Group receives interest from cash on deposit and the level of this interest is dependent upon prevailing interest rates. The Group seeks to maximise the receipt of interest subject to acceptable levels of credit risk.

Credit risk

The Group places funds on deposit only with financial institutions who have a high credit rating and does not place a disproportionate amount of funds with any single financial institution.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

19. Financial instruments continued

Currency risk

The Group's results and liquidity are affected by fluctuations in foreign currency exchange rates, principally in respect to the US Dollar. A substantial part of its expense activities and capital expenditures are in UK Sterling, whereas its revenue (current and potential) from licensing agreements is, and is expected to be, primarily in US Dollars.

Additionally, the Group has historically maintained a balance of US Dollar deposits in order to meet certain anticipated liabilities to suppliers requesting payments in US Dollars. The Group has sold and purchased US Dollars at the spot rates to maintain this balance as appropriate. As a result of the above, any significant movements in the exchange rate between UK Sterling and the US Dollar may have a material effect on the Group's future reported results of operations, financial position and cash flows.

The Board monitors the Group's exposure to foreign currencies and approves forward contracts as the Board considers appropriate. The Group generally aims to hedge currency risk, where it does not already hold such currency on deposit, through a forward purchase, option or other derivative instrument to cover anticipated exposure over the succeeding 12 months where this exceeds £2 million or its equivalent. The Group may purchase currency at spot or in advance to cover anticipated 12-month exposure of less than £2 million in any one currency. The Group has not sought to hedge its net investment in overseas operations. The Group believes that, upon commercialisation of its product candidates, it will begin to receive increased revenues in currencies other than the US Dollar.

Numerical financial instruments are set out below. Additional disclosures are set out in the accounting policies relating to financial instruments and foreign currencies.

In accordance with IAS 39 'Financial instruments: Recognition and measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard.

Capital risk management

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained loss as disclosed in Note 28. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to ensure the Group has sufficient capital available to meet future funding requirements. Details of funding requirements are explained in the liquidity and capital resources section of the Financial review on page 7.

The Group is not subject to any externally imposed capital requirements.

Interest rate risk profile of the Group's financial liabilities

No interest is payable on the Group's provision for National Insurance on share options.

The Group has no liabilities that are exposed to interest rate risk.

The maturity profile of the Group's financial liabilities is shown in Notes 16 and 20.

Interest rate risk profile of the Group's financial assets

	Cash and cash equivalents 2009 £'000	**Short-term deposits 2009 £'000**	Cash and cash equivalents 2008 £'000	Short-term deposits 2008 £'000
Sterling	**19,410**	**10,500**	47,330	10,000
US Dollars	**12,772**	**13,923**	9,531	–
Euros	**7,033**	**3,401**	–	–
	39,215	**27,824**	56,861	10,000
Fixed rate <1 yr	**33,283**	**27,824**	50,031	10,000
Floating rate <1 yr	**5,932**	**–**	6,830	–
	39,215	**27,824**	56,861	10,000

The fixed rate short-term deposits in Sterling and US Dollars were placed with banks for between three months and six months and earned interest of between 0.1% and 6.25% in the year ended 30 June 2009 (2008: between 2.51% and 6.5%). Floating rate cash earns interest based on relevant national LIBID equivalents.

19. Financial instruments continued

The table below shows the impact on post-tax profit/(loss) if interest rates on cash and cash equivalents and short-term deposits had been 0.5% (2008: 1.0%) higher/lower with all other variables held constant.

	2009 £'000	2008 £'000
Increase/decrease on post-tax (loss)/profit:		
Sterling	**171**	214
US Dollar	**80**	250
Euro	**21**	–
Total	**272**	464

Interest rate movements on trade payables and other receivables do not present a material exposure to the Group's balance sheet.

Currency risk profile

The functional currency of the Group's major trading subsidiary is Sterling, and the majority of its transactions are denominated in that currency. At 30 June 2009, the Group had net foreign currency assets of £53,279,000 (2008: £13,408,000) in US dollars and assets of £9,331,000 (2008: liabilities of £132,000) in Euros and liabilities of £68,000 (2008: £53,000) in other currencies.

At 30 June 2009, if Sterling had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been £1,362,000 higher and £1,232,000 lower, respectively (2008: £777,000 higher and £568,000 lower). At 30 June 2009, if Sterling had weakened/strengthened by 5% against the Euro with all other variables held constant, post-tax profit for the year would have been £491,000 higher and £444,000 lower, respectively (2008: £nil). 5% represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes translation of US Dollar denominated cash and cash equivalents, short-term deposits, other receivables and trade and other payables. Profit is more sensitive to exchange rates in the year ended 30 June 2009 than in the year ended 30 June 2008 due to the high level of cash held in foreign currencies at the 30 June 2009 year end. Movements in other currencies are considered immaterial.

Borrowing facilities

The Group had no unused borrowing facilities at 30 June 2009 or 30 June 2008.

Fair values

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year-end exchange rates.

In the opinion of the Group there is no material difference between the fair value of cash and short-term investments and the carrying values referred to above. Carrying values approximate to fair values because of the short maturity period of these financial instruments.

20. Provisions

Group

	Onerous Contract £'000	Employer's NI on share option gains £'000	Restructuring £'000	Total £'000
At 1 July 2007	–	509	–	509
(Credited)/charged to the income statement	–	(275)	476	201
At 30 June 2008	–	234	476	710
Utilised in the year	–	–	(549)	(549)
Charged to the income statement	1,701	151	–	1,852
Revaluation due to changes in foreign exchange rates	–	–	113	113
At 30 June 2009	**1,701**	**385**	**40**	**2,126**

Provisions have been analysed between current and non-current as follows:

	2009 £'000	2008 £'000
Current liabilities	**1,902**	629
Non-current liabilities	**224**	81
	2,126	710

20. Provisions continued

Onerous Contract

The Group has a contractual obligation to make a payment in respect of a development agreement, however, the Group has now discontinued all further development of the product and in accordance with IAS 37 'Provisions and contingencies' has provided for the future contractual costs under the agreement.

Employer's NI on share option gains

National Insurance payable on the exercise of share-based payments is treated as a cash-settled share-based payment under IFRS 2 and the Group makes charges to the income statement based on an estimate of the National Insurance liability in respect of the outstanding awards at each period end. The prior year provision has not been utilised. The timing of the outflow will be dependant on the exercise of share options, which is in turn dependent on their vesting period and share price.

The above provision is offset by an amount of £313,000 (2008: £162,000) receivable from employees as reimbursement of employer's National Insurance arising on share options issued on or after 6 April 1999 with a net refund to the profit and loss account of £nil (2008: £77,000).

Restructuring

The restructuring provision relates to costs in respect of the closure of the Montreal office (see Note 6). The associated cash outflows for the restructuring cost are short-term in nature.

Company

The Company has no provisions for liabilities and charges.

21. Share capital

Group and Company

	2009 £'000	2008 £'000
Authorised		
835,500,000 (2008: 835,500,000) ordinary shares of 1p each	**8,355**	8,355
5,000,000 (2008: 5,000,000) preference shares of £1 each	**5,000**	5,000
	13,355	13,355

	2009 £'000	2008 £'000
Issued, allotted, called-up and fully paid		
614,822,588 (2008: 613,528,966) ordinary shares of 1p each	**6,148**	6,135
4,331,683 (2008: 4,331,683) preference shares of £1 each	**4,332**	4,332
	10,480	10,467

On 16 May 2008, the Company increased its authorised share capital by 102,336,900 ordinary shares of 1p to £13,355,000.

On 3 July 2007, the Company issued 18,571 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 43.75p per share being the mid-market closing price on the last trading day of the quarter (29 June 2007).

On 1 October 2007, the Company issued 20,967 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 38.75p per share being the mid-market closing price on the last trading day of the quarter (28 September 2007).

On 2 January 2008, the Company issued 34,010 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 24.625p per share being the mid-market closing price on the last trading day of the quarter (31 December 2008).

On 9 April 2008, the Company issued 36,412 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 23.00p per share being the mid-market closing price on the last trading day of the quarter (31 March 2008).

Between 25 September 2007 and 31 March 2008 the Company issued 294,773 new ordinary 1p shares on exercise of employee share options at an exercise price of 14.00p per share and the cash received was £41,268. The taxation benefit of these options has increased the carried forward losses; see Note 16.

On 11 June 2008, the Company issued 28,469,197 new ordinary shares of 1p each in a subscription by existing investors in Xanthus at a price of 26p per share; this represents a discount of 5.5% to the closing middle market price of 27.5p on 15 May 2008, being the last business day prior to the announcement.

On 11 June 2008, the Company issued 51,923,077 new ordinary shares of 1p each in a private placing at a price of 26p per share; this represents a discount of 5.5% to the closing middle market price of 27.5p on 15 May 2008, being the last business day prior to the announcement.

On 11 June 2008, the Company issued 86,416,353 new ordinary shares of 1p each in consideration for the acquisition of Xanthus Pharmaceuticals, Inc. at a price of 23.75p per share-based on the closing share price on 10 June 2008 (see Note 29).

21. Share capital continued

The zero coupon convertible redeemable preference shares of £1 each have the following principal terms attached:

- No rights to receive dividends or other distributions out of the profits of the Company;
- On winding up, the preference shareholders rank above ordinary shareholders in payment of a sum equal to the nominal capital paid up but have no rights to participate further in the assets of the Company;
- No rights to receive notice of or attend or vote at any general meeting of shareholders;
- Convertible into converted ordinary shares at any point in the two years commencing 1 July 2003, based on a formula dividing the aggregate nominal amount of preference shares held by the average share price of ordinary shares for 10 days before and after the conversion notice is served;
- Redeemable at the option of the Company at any time at par.

No conversion or redemption has occurred.

On 7 July 2008, the Company issued 36,412 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 23.00p per share, being the mid-market closing price on the last trading day of the quarter (30 June 2008).

On 7 October 2008, the Company issued 18,987 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 19.75p per share, being the mid-market closing price on the last trading day of the quarter (30 September 2008).

On 21 January 2009, the Company issued 37,974 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 19.75p per share, being the mid-market closing price on the last trading day of the quarter (30 September 2008).

On 21 January 2009, the Company issued 47,871 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 23.50p per share, being the mid-market closing price on the last trading day of the quarter (31 December 2008).

On 8 April 2009, the Company issued 42,453 new ordinary shares of 1p each in lieu of fees payable to Non-Executive Directors at a price of 26.50p per share, being the mid-market closing price on the last trading day of the quarter (31 March 2009).

Between 28 August 2008 and 22 May 2009 the Company issued 96,958 new ordinary 1p shares on exercise of employee share options at an exercise price of 14.00p per share and the cash received was £13,574. Between 16 September 2008 and 19 June 2009 the Company issued 526,919 new ordinary shares on exercise of employee share options at an exercise price of 1.00p per share and the cash received was £5,269. On 16 September 2008 the Company issued 30,713 new ordinary 1p shares on exercise of employee share options at an exercise price of 12.34p and the cash received was £3,790. On 16 September 2008 the Company issued 18,309 new ordinary 1p shares on exercise of employee share options at an exercise price of 20.70p and the cash received was £3,790. On 27 February 2009 the Company issued 27,750 new ordinary 1p shares on exercise of employee share options at an exercise price of 26.34p and the cash received was £7,309. Between 20 February 2009 and 10 June 2009 the Company issued 203,709 new ordinary 1p shares on exercise of employee share options at an exercise price of 22.20p per share and the cash received was £45,223. Between 2 March 2009 and 10 June 2009 the Company issued 202,984 new ordinary 1p shares on exercise of employee share options at an exercise price of 22.10p per share and the cash received was £44,859. On 13 May 2009 the Company issued 2,583 new ordinary 1p shares on exercise of employee share options at an exercise price of 28.50p and the cash received was £736. The taxation benefit of these options has increased the carried forward losses; see Note 17.

22. Potential issues of ordinary shares

The Group issues CSOP options, Performance Awards and Matching Awards, as set out in the Report of the Board on remuneration and the tables below, to eligible employees following the issue of interim and preliminary year-end financial statements. Permanent employees are eligible to receive these awards at the discretion of the Remuneration Committee.

CSOP options were granted during the year to certain employees other than Executive Directors and senior managers. The CSOP options granted in September 2008 may be exercised if the share price exceeds the exercise price by 33% for 20 consecutive business days in the six months prior to the third anniversary of the date of grant; no retesting of the performance condition is allowed. The exercise price for CSOP options is the average mid-market closing price for the three days prior to the date of grant.

Performance Awards were granted in September 2008, November 2008 and February 2009 to all eligible employees including the Executive Directors and senior managers. The performance conditions attaching to these awards are set out below.

All awards are granted for nil consideration and subject to individual annual limits. The total number of shares granted under the various Group incentive plans, excluding those granted before 18 November 2008 and lapsed and surrendered options, may not exceed 10% of the issued share capital in any 10-year period (61,482,000 1p ordinary shares as at 30 June 2009; 61,353,000 1p ordinary shares as at 30 June 2008).

22. Potential issues of ordinary shares continued

CSOPs

Date of grant	Exercise price pence	Period when exercisable	Average remaining contractual life (yrs) 30/06/2009	Number of shares 2009	Number of shares 2008
16.12.98	74.00	1998–2008	n/a	–	832,012
16.12.98	32.40	1999–2008	n/a	–	10,804
09.07.99	42.60	2002–2009	0.0	**648,321**	648,321
16.12.99	104.10	2002–2009	0.5	**21,610**	43,220
18.02.00	104.60	2003–2010	0.6	**15,481**	87,627
09.06.00	100.90	2003–2010	0.9	**359,288**	376,149
19.09.00	142.50	2003–2010	1.2	**89,626**	102,770
13.02.01	211.90	2004–2011	1.6	**69,699**	78,535
17.09.01	37.50	2004–2011	2.2	**555,138**	598,573
16.04.02	20.70	2005–2012	2.8	**1,587,044**	1,652,864
23.09.02	12.34	2005–2012	3.2	**2,111,896**	2,178,061
20.02.03	26.34	2006–2013	3.6	**882,850**	929,964
28.02.03	26.34	2006–2013	3.7	–	12,949
01.10.03	38.17	2006–2013	4.2	–	1,075,296
16.02.04	43.12	2007–2014	4.6	–	1,263,518
23.02.04	44.84	2007–2014	4.6	–	752,676
01.04.04	40.50	2007–2014	4.8	–	135,802
21.09.04	14.00	2007–2014	5.2	**1,206,572**	1,323,320
21.02.05	22.20	2008–2015	5.6	**3,230,919**	3,962,543
20.09.05	22.10	2008–2015	6.2	**162,358**	511,148
24.02.06	22.10	2009–2016	6.7	**73,961**	240,898
20.02.07	45.50	2010–2017	7.6	**293,021**	340,301
15.09.07	31.75	2010–2017	8.2	**683,075**	791,552
26.02.08	28.50	2011–2018	8.7	**684,096**	798,790
26.02.08	28.75	2011–2018	8.7	**194,549**	194,549
23.09.08	20.75	2011–2018	9.2	**1,723,625**	–
23.09.08	20.25	2011–2018	9.2	**536,625**	–
				15,129,754	18,942,242

The above options are normally exercisable from the day following the third anniversary of grant, or following a change in control of the Company, and subject to certain conditions relating to share price performance as set out in the Report of the Board on remuneration.

EIP Performance Awards

Date of grant	Exercise price pence	Period when exercisable	Average remaining contractual life (yrs)	Number of shares 2009	Number of shares 2008
20.09.05	1.00	2008–2011	2.2	**1,130,371**	1,591,762
24.02.06	1.00	2008–2011	2.7	**1,819,987**	2,129,793
07.06.06	1.00	2009–2012	2.9	**489,208**	489,208
19.10.06	1.00	2009–2012	3.3	**3,743,137**	3,927,660
20.02.07	1.00	2010–2013	3.6	**2,000,453**	2,077,537
15.09.07	1.00	2010–2013	4.2	**3,294,642**	3,459,198
26.02.08	1.00	2011–2014	4.7	**2,683,869**	2,872,941
23.09.08	1.00	2011–2014	5.2	**4,140,099**	–
11.11.08	1.00	2011–2014	5.4	**1,078,740**	–
19.02.09	1.00	2012–2015	5.6	**4,358,218**	–
				24,738,724	16,548,099

EIP Matching Awards

Date of grant	Exercise price pence	Period when exercisable	Average remaining contractual life (yrs)	Number of shares 2009	Number of shares 2008
08.07.05	1.00	2008–2011	2.0	**1,139,159**	1,144,638

A summary of the scheme rules is given in the Report of the Board on remuneration – Longer-term incentives.

22. Potential issues of ordinary shares continued

Options over 1,279,925 shares were exercised during the year (2008: 294,773). The weighted average exercise price was 9.86p (2008: 14.00p) and the weighted average share price at the time of exercise was 27.42p. (2008: 28.80p) The total cash received from the exercise of share options was £126,000 (2008: £41,000). The actual tax benefit realised for the tax deductions from option exercise of the share-based payment arrangements totaled £63,000 for the year ended 30 June 2009 (2008: £13,000).

The weighted average exercise prices over the year were as follows:

CSOPs

	2009		2008	
	Number	**Weighted average exercise price (p)**	Number	Weighted average exercise price (p)
Number of options outstanding at 1 July	**18,942,242**	**32.08**	18,088,396	32.27
– granted	**2,441,671**	**20.60**	1,840,465	29.98
– forfeited	**(4,828,337)**	**38.38**	(691,846)	39.09
– exercised	**(583,006)**	**20.46**	(294,773)	14.00
– expired	**(842,816)**	**73.47**	–	–
Outstanding at 30 June	**15,129,754**	**26.36**	18,942,242	32.08
Exercisable at 30 June	**7,715,564**	**22.11**	8,186,868	26.44

EIP Awards

	2009		2008	
	Number	**Weighted average exercise price (p)**	Number	Weighted average exercise price (p)
Number of awards outstanding at 1 July	**17,692,737**	**1.00**	11,538,470	1.00
– granted	**9,932,067**	**1.00**	6,447,827	1.00
– forfeited	**(1,050,002)**	**1.00**	(293,560)	1.00
– exercised	**(696,919)**	**1.00**	–	–
Outstanding at 30 June	**25,877,883**	**1.00**	17,692,737	1.00
Exercisable at 30 June	**4,199,007**	**1.00**	–	–

The above EIP Awards table includes performance and matching awards.

23. Share-based payments

The Group operates a number of share-based incentive schemes as detailed in Note 22 above. The fair value per award granted and the assumptions used in the calculations are as follows:

Date of grant	Type of award (see Note 22 for terms)	Number of awards	Exercise price (p)	Share price at grant date (p)	Fair value per award (p)	Expected volatility	Award life	Risk free rate
20.02.03	CSOP	1,612,994	26.340	25.40	18.92	111%	4.25	3.8%
28.02.03	CSOP	81,083	26.340	24.41	17.58	106%	4.25	3.8%
01.10.03	CSOP	1,682,104	38.170	36.99	17.72	61%	4.25	4.4%
16.02.04	CSOP	1,917,134	43.125	43.25	18.15	50%	4.25	4.6%
23.02.04	CSOP	752,676	44.840	43.75	18.50	52%	4.25	4.7%
23.02.04	CSOP	752,676	44.840	43.75	16.10	52%	4.25	4.7%
24.03.04	CSOP	192,307	39.000	39.75	16.36	49%	4.25	4.6%
01.04.04	CSOP	135,802	40.500	40.50	15.94	47%	4.25	4.7%
21.09.04	CSOP	2,257,681	14.000	13.50	8.95	93%	4.25	4.8%
21.02.05	CSOP	5,222,536	22.200	22.00	11.75	68%	4.25	4.7%
08.07.05	EIP Matching	1,336,038	1.000	18.50	11.17	44%	3.00	4.2%
20.09.05	CSOP	759,791	22.100	22.25	6.45	35%	4.25	4.3%
20.09.05	EIP Performance	1,890,880	1.000	22.25	14.38	35%	3.00	4.0%
24.02.06	CSOP	421,648	22.100	22.44	5.08	26%	4.25	4.2%
24.02.06	EIP Performance	2,573,171	1.000	22.44	14.50	26%	3.00	4.3%
07.06.06	EIP Performance	489,208	1.000	16.25	9.70	56%	3.00	4.7%
19.10.06	EIP Performance	2,775,395	1.000	26.75	22.18	92%	3.00	5.0%
19.10.06	EIP Performance	1,416,674	1.000	26.75	22.18	92%	3.00	5.0%
20.02.07	CSOP	410,208	45.500	49.75	24.68	62%	3.00	5.3%
20.02.07	EIP Performance	2,174,586	1.000	49.75	38.60	62%	3.00	5.3%
15.09.07	CSOP	821,745	31.750	32.00	13.99	55%	3.00	5.0%
15.09.07	EIP Performance	3,574,886	1.000	32.00	19.3	55%	3.00	5.0%
26.02.08	CSOP	824,171	28.500	28.75	13.36	61%	3.00	4.4%
26.02.08	ISO	194,549	28.750	28.75	13.28	61%	3.00	4.4%
26.02.08	EIP Performance	2,872,941	1.000	28.75	22.17	61%	3.00	4.4%
23.09.08	CSOP	1,723,625	20.750	20.75	9.10	56%	3.00	4.5%
23.09.08	ISO	718,046	20.250	20.75	9.20	56%	3.00	4.0%
23.09.08	EIP Performance	4,495,109	1.000	20.75	15.00	56%	3.00	4.4%
11.11.08	EIP Performance	1,078,740	1.000	20.25	15.60	54%	3.00	3.0%
19.02.09	EIP Performance	4,358,218	1.000	28.50	21.00	46%	3.00	1.8%

A description of the key assumptions used in calculating the share-based payments follows:

1. The Monte Carlo valuation methodology was used.
2. Performance conditions have been incorporated into the Monte Carlo model in arriving at the fair value.
3. The expected volatility is based on historical volatility over a period of time prior to grant commensurate with the expected term of each award (or period since flotation if shorter) with more weight being placed on more recent share price movements.
4. Expected dividend yield is nil.
5. The risk free rate is equal to the prevailing UK Gilts rate at grant date, which is commensurate with the expected term.
6. The charge is spread over the expected vesting period on a straight-line basis.
7. In order to calculate the estimated leavers at the year ended 30 June 2005 for the CSOPs and EIP Performance Awards a figure of 15% pro-rata for the unexpired period after 1 January 2005 was used. In the year ended 30 June 2007 CSOPs and EIP Performance Awards that had completed the three-year vesting period, or were within three months of their three-year vesting period, were charged based on the number of awards that could still vest. Given the higher number of leavers than anticipated, the remaining CSOPs and EIP Performance Awards were adjusted to a figure of 20% pro-rated for the unexpired period after 1 January 2005. For the EIP Matching Awards granted in July 2005 the estimated leaver rate was assumed at 30%. This is higher than the pro-rated CSOPs and EIP Performance Awards as these awards can lapse if a holder leaves employment but also if the holder remains in employment but sells their Invested Shares. In the year ending 30 June 2009 the leaver rate remained at 20% for all CSOPs and Performance Awards and 30% for Matching Awards.

The total charge for the year relating to employee share-based payment plans was £1,345,000 (£780,000 was charged to R&D and £565,000 was charged to administration) (2008: £1,051,000 (£625,000 was charged to R&D and £426,000 was charged to administration)), all of which related to the above equity-based transactions.

Certain Directors received part of their fees in shares, details of which are disclosed in Note 32 and in the Directors' remuneration report. The total charge for the year was £45,000 (2008: £33,250).

24. Share premium

Group and Company

	2009 £'000	2008 £'000
At 1 July	**119,629**	100,451
Issue of shares	**154**	20,158
Expenses of share issues	**–**	(980)
At 30 June	**119,783**	119,629

25. Shares to be issued
Group and Company

	2009 £'000	2008 £'000
At 30 June	**2,273**	2,273

An additional issue of shares is required as part of the acquisition of Antisoma, Inc. (formerly Xanthus Pharmaceuticals, Inc.) providing the pre-acquisition liabilities found post-acquisition do not exceed $375,000. If this amount is exceeded the deferred consideration will be reduced. The deferred consideration may be issued 18 months after the closing date of the transaction.

26. Other reserves
Group

	Other reserve: retranslation £'000	Merger reserve £'000	Total £'000
At 1 July 2007	(1,024)	19,595	18,571
Movement	–	19,660	19,660
Foreign exchange adjustments on consolidation	(235)	–	(235)
At 30 June 2008	(1,259)	39,255	37,996
Foreign exchange adjustments on consolidation	8,923	–	8,923
At 30 June 2009	**7,664**	**39,255**	**46,919**

Company

	Merger reserve £'000
At 1 July 2007	45,234
Movement	19,660
At 30 June 2008	64,894
Movement	(15,295)
At 30 June 2009	**49,599**

The retranslation reserve relates to foreign exchange movements on consolidation.

The merger reserve at 1 July 2007 represents the reserves arising on the acquisition of Antisoma Research Limited and the acquisition of Antisoma, Inc. The movement on the merger reserve in the current year represents the realisation of the reserve on the sale of Antisoma, Inc. to Xanthus Pharmaceuticals, Inc. (an internal reorganisation) and in the prior year represents the reserves arising on the acquisition of Xanthus Pharmaceuticals, Inc.

27. Profit and loss account
Group

	2009 £'000	2008 £'000
At 1 July	**(68,158)**	(81,538)
(Loss)/profit for the year	**(16,427)**	12,329
Share options: value of employee services	**1,345**	1,051
At 30 June	**(83,240)**	(68,158)

Company

	2009 £'000	2008 £'000
At 1 July	**5,842**	5,721
Loss for the year	**(1,265)**	(930)
Transfer from the merger reserve	**15,295**	–
Share options: value of employee services	**1,345**	1,051
At 30 June	**21,217**	5,842

28. Statement of changes in equity

Group

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserve: retranslation £'000	Other reserve: merger £'000	Profit and loss £'000	Total £'000
At 1 July 2007	8,795	100,451	–	(1,024)	19,595	(81,538)	46,279
Profit for the year	–	–	–	–	–	12,329	12,329
New share capital issued	1,672	20,158	–	–	19,660	–	41,490
Expenses on share issue taken to share premium	–	(980)	–	–	–	–	(980)
Share capital to be issued	–	–	2,273	–	–	–	2,273
Share options: value of employee services	–	–	–	–	–	1,051	1,051
Foreign exchange adjustments on consolidation	–	–	–	(235)	–	–	(235)
At 30 June 2008	**10,467**	**119,629**	**2,273**	**(1,259)**	**39,255**	**(68,158)**	**102,207**
At 1 July 2008	10,467	119,629	2,273	(1,259)	39,255	(68,158)	102,207
Loss for the year	–	–	–	–	–	(16,427)	(16,427)
New share capital issued	13	154	–	–	–	–	167
Share options: value of employee services	–	–	–	–	–	1,345	1,345
Foreign exchange adjustments on consolidation	–	–	–	8,923	–	–	8,923
At 30 June 2009	**10,480**	**119,783**	**2,273**	**7,664**	**39,255**	**(83,240)**	**96,215**

Company

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserve: retranslation £'000	Other reserve: merger £'000	Profit and loss £'000	Total £'000
At 1 July 2007	8,795	100,451	–	–	45,234	5,721	160,201
Loss for the year	–	–	–	–	–	(930)	(930)
New share capital issued	1,672	20,158	–	–	19,660	–	41,490
Expenses on share issue taken to share premium	–	(980)	–	–	–	–	(980)
Shares to be issued	–	–	2,273	–	–	–	2,273
Share options: value of employee services	–	–	–	–	–	1,051	1,051
At 30 June 2008	**10,467**	**119,629**	**2,273**	**–**	**64,894**	**5,842**	**203,105**
At 1 July 2008	10,467	119,629	2,273	–	64,894	5,842	203,105
Loss for the year	–	–	–	–	–	(1,265)	(1,265)
New share capital issued	13	154	–	–	–	–	167
Transfers	–	–	–	–	(15,295)	15,295	–
Share options: value of employee services	–	–	–	–	–	1,345	1,345
At 30 June 2009	**10,480**	**119,783**	**2,273**	**–**	**49,599**	**21,217**	**203,352**

29. Acquisitions

On 11 June 2008, the Group acquired the entire share capital of Xanthus Pharmaceuticals, Inc. by the issue of 86,416,353 shares of 1p each with a fair market value of 23.75p based on the closing share price on 10 June 2008, and 9,568,951 deferred consideration shares of 1p each with a fair market value of 23.75p based on the closing share price on 10 June 2008. The deferred consideration shares may be issued 18 months after the closing date of the transaction, subject to deductions based on claims for indemnity by Antisoma plc or as otherwise allowed under the terms of the acquisition agreement.

Details of the book and fair values of the assets and liabilities of Xanthus Pharmaceuticals, Inc., as at 11 June 2008 are set out below:

	Book value £'000	Adjustments £'000	Fair value £'000
Fixed assets			
– Intangible assets	–	26,781	26,781
– Property, plant and equipment	142	(23)	119
Trade and other receivables	791	–	791
Cash and cash equivalents	629	–	629
Trade and other payables	(4,657)	–	(4,657)
Net assets acquired	**(3,095)**	**26,758**	**23,663**
Shares issued			20,524
Shares to be issued			2,273
Expenses of acquisition			866
Total consideration			**23,663**

29. Acquisitions continued

Analysis of the net cash outflow in respect of acquisitions.

	Total £'000
Expenses on acquisition	(866)
Cash acquired	629
Net cash outflow in respect of acquisitions	(237)

Xanthus Pharmaceuticals, Inc. was involved in the development and commercialisation of potential therapeutic products for the treatment of cancer.

The fair value adjustments were finalised in the year and no adjustments were made to the values recorded as provisional in the prior year financial statements.

30. Capital commitments

The Group and Company had no capital expenditure contracted for but not provided in the financial statements at 30 June 2009 (2008: £nil).

31. Financial commitments and contingencies

At 30 June 2009 the Group and Company had total commitments under non-cancellable operating leases as follows:

Group

	Land and buildings 2009 £'000	**Other 2009 £'000**	Land and buildings 2008 £'000	Other 2008 £'000
Total commitments under non-cancellable operating leases due:				
Within one year	**1,101**	**7**	1,431	12
Between one and two years	**964**	**6**	1,077	9
Between two and three years	**868**	**–**	964	7
Between three and four years	**407**	**–**	868	1
Between four and five years	**–**	**–**	407	–
After five years	**–**	**–**	–	–
	3,340	**13**	4,747	29

The Group leases offices and laboratories under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases copier/fax machines under non-cancellable operating lease agreements.

Company

	Land and buildings 2009 £'000	Land and buildings 2008 £'000
Total commitments under non-cancellable operating leases due:		
Within one year	**658**	658
Between one and two years	**658**	658
Between two and three years	**658**	658
Between three and four years	**407**	658
Between four and five years	**–**	407
After five years	**–**	–
	2,381	3,039

32. Related party disclosures

During the two years ended 30 June 2009 the Directors of the Company subscribed for new ordinary shares of 1p each as follows:

Director	Number of shares subscribed	Price per share (p)	Date
Michael Pappas	8,571	43.750	04.07.07
Dale Boden	10,000	43.750	04.07.07
Michael Pappas	9,677	38.750	01.10.07
Dale Boden	11,290	38.750	01.10.07
Glyn Edwards	150,038	23.610	20.11.07
Michael Pappas	15,228	24.625	02.01.08
Dale Boden	18,782	24.625	02.01.08
Michael Pappas	16,304	23.000	09.04.08
Dale Boden	20,108	23.000	09.04.08
Barry Price	100,000	22.250	06.06.08
Glyn Edwards	470,000	21.250	06.06.08
Michael Pappas	100,000	21.750	09.06.08
Michael Pappas	16,304	23.000	07.07.08
Dale Boden	20,108	23.000	07.07.08
Michael Pappas	18,987	19.750	07.10.08
Eric Dodd	50,000	20.500	11.11.08
Michael Pappas	15,957	23.500	21.01.09
Michael Lewis	37,974	19.750	21.01.09
Michael Lewis	31,914	23.500	21.01.09
Michael Pappas	14,151	26.500	08.04.09
Michael Lewis	28,302	26.500	08.04.09

Subsequent share purchases

The Directors of the Company purchased new ordinary shares of 1p each, having elected to take a part of their fees in newly issued shares of the Company, as follows:

Director	Number of shares subscribed	Price per share (p)	Date
Michael Pappas	15,625	24.000	01.07.09
Michael Lewis	31,250	24.000	01.07.09

Transactions with Kudos Independent Financial Services Limited

Kudos Independent Financial Services Limited ('KIFS') is a related party because Michael Pappas is a Director of the Company and of KIFS. KIFS advises the Company in relation to pensions, permanent health insurance and life assurance and derives its income by way of commission from the suppliers of these products. No income is derived directly from the Company.

Transactions with Leventis Holding SA

Leventis Holding SA ('LH') is a related party as it was a substantial shareholder in Antisoma plc during the year under review.

Michael Pappas is the representative of LH on the Board of Antisoma plc.

Antisoma Research Limited formerly held leasehold premises at West Africa House, Ealing, UK. These offices were sub-leased from Leventis Overseas Limited (a subsidiary of LH). Rent has been charged on the space sub-leased by Antisoma Research Limited during the year of £29,000 (2008: £201,000), with an additional annual service charge of £2,000 (2008: £14,000). The amount outstanding at the year-end was £nil (2008: £nil). Six months notice of termination of the lease was given by Antisoma in February 2008.

32. Related party disclosures continued

Company

Under IFRS, transactions between the Company and the rest of the Group must be disclosed. The Company entered into the following transactions during the year with the rest of the Group:

	2009 £'000	2008 £'000
Inter-company receivable		
At 1 July	**128,662**	110,357
Additional amounts (repaid)/advanced	**26**	18,305
At 30 June	**128,688**	128,662
Inter-company payable		
At 1 July	**–**	–
Additional amounts advanced	**21,250**	–
At 30 June	**21,250**	–

The Company has issued share options to employees of subsidiary undertakings and in accordance with IFRS 2 has made a charge in the year of £1,345,000 (2008: £1,051,000).

During the year ended 30 September 2009, as part of an internal reorganisation of the Group, the Company purchased intangible assets from Antisoma, Inc. (formerly Xanthus Pharmaceuticals, Inc.), a wholly owned subsidiary of the Company, for £34,201,000 and subsequently sold those assets to Antisoma Research Limited, a wholly owned subsidiary of the Group for £34,201,000. The Company also sold its investment in Antisoma, Inc. (formerly Aptamera, Inc.), a wholly owned subsidiary, to Antisoma, Inc. (formerly Xanthus Pharmaceuticals, Inc.), a wholly owned subsidiary for £16,664,000.

The Company provides financing to its operating subsidiaries. Funding of £2,400,000 was provided to Antisoma Ventures Limited during the financial year. Details of intercompany loans can be found in Notes 15 and 16.

Key Management compensation is disclosed in Note 4. The Company's transactions with Directors are described on page 55.

The Directors consider that there is no ultimate controlling party of the Company.

33. Post-employment benefits

The Group operates a defined contribution Group personal pension scheme for employees and Executive Directors in the UK and contributes to the 401k plans of its employees in North America. The total pension cost for the Group was £733,000 (2008: £434,000). The outstanding pension contributions at 30 June 2009 were £34,000 (2008: £29,000).

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