FPM
CHARTERED ACCOUNTANTS

Fusion Antibodies Limited

Abbreviated Accounts

for the year ended 31 March 2005

Newry Office:
Dromalane Mill,
The Quays,
Newry, Co Down
BT35 8QS
T 028 302 61010
F 028 302 62345

Dungannon Office:
25 Georges Street,
Dungannon,
Co Tyrone
BT70 1BT
T 028 8775 0400
F 028 8775 0445

Dundalk Office:
FPM Suite,
17A Francis Street,
Dundalk,
Co Louth
T 042 9388898
F 042 9388899

Partners:
Feargal McCormack FCA
Paddy Harty FCA
Michelle Hawkins FCA

VAT Registration Number
GB 517 8082 37

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email: info@fp[illegible] www.fpmca.com

Fusion Antibodies Limited

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Accountants' Report on the Unaudited Financial Statements of Fusion Antibodies Limited

Accountants Report to Fusion Antibodies Limited

We have compiled the Financial Statements set out on pages 2 and 3 of Fusion Antibodies Limited for the year ended 31 March 2005.

Respective Responsibilities of Directors and Reporting Accountants

The directors are responsible for the Financial Statements. It is our responsibility to compile the Financial Statements of Fusion Antibodies Limited from the accounting records, information and explanations supplied to us by the directors.

Scope of work

We have compiled the Financial Statements in accordance with the ICAI Miscellaneous Technical Statement "Compiling and Reporting on Financial Statements not subject to Audit" - M 14 - from the accounting records, information and explanations supplied to us by the directors.

We have not audited or otherwise attempted to verify the accuracy or completeness of such records, information and explanations and, accordingly, express no opinion on the Financial Statements.

15/11/2005

FPM Accountants LLP
Chartered Accountants
4th Floor
Dromalane Mill
The Quays

Date:

Fusion Antibodies Limited

Abbreviated Balance Sheet
as at 31 March 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed Assets					
Intangible assets	3		54,000		60,000
Tangible assets	3		86,718		95,791
			140,718		155,791
Current Assets					
Stocks		39,017		32,722	
Debtors		236,911		145,370	
Cash at bank and in hand		369,493		20,782	
		645,421		198,874	
Creditors: amounts falling due within one year		(119,270)		(124,069)	
Net Current Assets			526,151		74,805
Total Assets Less Current Liabilities			666,869		230,596
Creditors: amounts falling due after more than one year			(97,500)		(21,113)
Net Assets			569,369		209,483
Capital and Reserves					
Called up share capital	4		135,756		210,134
Share premium account	5		574,935		100,518
Profit and loss account			(141,322)		(101,169)
Shareholders' Funds			569,369		209,483

The directors' statements required by Article 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 4 to 8 form an integral part of these financial statements.

Abbreviated Balance Sheet (continued)

Directors' statements required by Article 257B(4) for the year ended 31 March 2005

In approving these abbreviated accounts as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Article 257A(2) of the Companies (NI) Order 1986;

(b) that no notice has been deposited at the registered office of the company pursuant to Article 257B(2) requesting that an audit be conducted for the year ended 31 March 2005 and

(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Article 229, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Article 234 and which otherwise comply with the provisions of the Companies (NI) Order 1986 relating to financial statements, so far as applicable to the company.

These abbreviated accounts are prepared in accordance with the special provisions of Part I of Schedule 8 of the Companies (NI) Order 1986 relating to small companies.

The abbreviated accounts approved by the Board and signed on its behalf by

Mr Michael Townsley
Director

15/11/2005
Date

The notes on pages 4 to 8 form an integral part of these financial statements.

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Patents

Patents are valued at cost.
Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 10 years.

1.4. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% Reducing Balance
Fixtures, fittings and equipment	-	25% Reducing Balance

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

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2. Research and Development Costs

	2005	**2004**
Wages & Salaries	**217,379**	128,860
Patent & IP Costs	**18,782**	11,235
Consumables	**78,995**	77,618
Trials & Testing	**4,301**	6,868
Glut 2	**10,575**	-
Knowledge Transfer Programme	**9,135**	-
Academic Bursary	**3,010**	-
Cost Of Sales		
Opening Stock	**32,722**	10,927
Carriage Inwards	**5,245**	6,423
Hire of Equipment	**5,775**	3,900
Closing Stock	**(39,017)**	(32,722)
	346,902	213,109

3. Fixed assets

	Intangible assets	**Tangible fixed assets**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2004	60,000	171,546	231,546
Additions	-	19,834	19,834
At 31 March 2005	60,000	191,380	251,380
Depreciation and Provision for diminution in value			
At 1 April 2004	-	75,755	75,755
Charge for year	6,000	28,907	34,907
At 31 March 2005	6,000	104,662	110,662
Net book values			
At 31 March 2005	54,000	86,718	140,718
At 31 March 2004	60,000	95,791	155,791

4. Share capital

	2005	2004
	£	£
Authorised equity		
8,000,000 Ordinary Shares of £1 each	**8,000,000**	-
6,000,000 Type A Ordinary Shares of £1 each	-	6,000,000
1,000,000 Type B Ordinary Shares of £1 each	-	1,000,000
1,000,000 Type C Ordinary shares of £1 each	-	1,000,000
500,000 Preference shares - Type A of £1 each	-	500,000
1,500,000 Preference shares - Type B of £1 each	-	1,500,000
	8,000,000	10,000,000
135,756 Ordinary Shares of £1 each	**135,756**	-
97,802 Type A Ordinary shares of £1 each	-	97,802
4,482 Type B Ordinary shares of £1 each	-	4,482
2,150 Type C Ordinary shares at £1 each	-	2,150
83,200 Preference shares - Type A of £1 each	-	83,200
22,500 Preference shares - Type B of £1 each	-	22,500
	135,756	210,134

In August 2004 the company secured an investment of £375,000 from Clarendon Fund Managers. The conditions of this investment however called for the preference shareholders to convert all their shares into Ordinary £1 shares. Also the A Ordinary, B Ordinary and C Ordinary shares were converted to Ordinary £1 shares.

Each of the existing issued 97,802 A ordinary shares and 5,902,198 un-issued A ordinary shares of £1 were reclassified as Ordinary shares of £1 each.

Each of the existing issued 4,482 B ordinary shares and 995,518 un-issued B ordinary shares of £1 each were re-designated as ordinary shares of £1 each

Each of the existing issued 2,150 C ordinary shares and 997,850 un-issued C ordinary shares of £1 each were re-designated as ordinary shares of £1 each

All authorised but un-issued Preference shares were cancelled.

Fusion Antibodies Limited

Notes to theAbbreviated Financial Statements
for the year ended 31 March 2005

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Closing Share Capital Reconciliation :

Opening Ordinary Shares	104,434
Conversion of Preference Shares	10,570
Issue of new Ordinary Shares	20,752
Closing Ordinary Shares	**135,756**

The issued preference shares were redeemed at a redemption price of £1 per share. The redemption was funded by an issue and allotment of ordinary shares of £1 each, (such shares were subscribed for by the holders of the preference shares then redeemed) at a subscription price of £10 per share. The subscription monies due in respect of this issue were set off against the monies due by the Company to the preference shareholders in respect of the redemption.

In August 2004, the following shares at £1 were allotted to:

Prof P Johnston	50	Ordinary Shares
Dr Daniel Longley	50	Ordinary Shares
QUBIS Limited	100	Ordinary Shares
Sub Total	**200**	

The above shares were issued in respect of an agreement relating to a patent which was assigned to the company.

In October 2004, the company issued the following shares at £20.77 a share:

NITech Growth Fund (NGF)	6,018	Ordinary Shares
Viridian Growth Fund (VGF)	12,035	Ordinary Shares
University Challenge Fund (UCF)	1,204	Ordinary Shares
QUBIS Limited (QUBIS)	963	Ordinary Shares
Sub Total	**20,220**	

Also in October 2004, the following equity was allotted at £1.00 a share, under anti-dilution rights being triggered:

UCF	166	Ordinary Shares
E.B.T. Venture Fund	166	Ordinary Shares
Sub Total	**332**	
Total New Shares Issued	**20,752**	

.... continued

5. Share Premium Account

			£
At 1 April 2004			100,518
Premium created on conversion of Type A Preference Shares			74,880
Premium created on conversion of Type B Preference Shares			20,250
Premium on Ordinary Shares issued in year:			
		QUBIS Limited	19,037
		UCF	23,796
		NGF	118,982
		VGF	237,965
			595,428
Less:	Expenses of Share issue Written-off (legal fees)		(19,961)
	Equity allotted under anti-dilution rights		(332)
	Shares Issued		(200)
			574,935

6. Going concern

The Directors are satisfied that sufficient financial resources are available to enable the company to continue to trade over the next twelve months.