



PLETHORA SOLUTIONS HOLDINGS plc
ANNUAL REPORT AND ACCOUNTS
2005

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Corporate Statement

Plethora Solutions Holdings plc (Plethora Solutions) is a publicly quoted UK company whose goal is to build a profitable, speciality pharmaceutical business through the development and marketing of safe and effective products to improve the quality of life for patients suffering from urological disorders.

Revenues will be generated by:

- Licensing rights to Plethora development products to pharmaceutical marketing partners
- Sales of selected products in North America

2005 OPERATIONAL HIGHLIGHTS:

- **March 2005** Flotation on AIM (London) raising **£8.9m**
- **March 2005** Licensed worldwide rights to PSD506 from F. Hoffman-La Roche
- **June 2005** Initiation of PSD502 wound pain programme
- **July 2005** Collaborative agreement with Johnson & Johnson on PSD401
- **September 2005** Acquired rights to PSD597 for the treatment of interstitial cystitis
- **October 2005** Initiation of PSD503 Phase II study in stress urinary incontinence
- **December 2005** Positive Phase II clinical data for PSD502 in premature ejaculation
- **Financial** Loss after tax of **£5.4m**, in line with expectations
 - including a one-off payment of **£1.6 m** to F. Hoffman-La Roche
 - Cash and short term investments at 31 December 2005 of **£6.2m**

Chairman's Statement

2005 was an extremely exciting year for Plethora during which we took significant strides towards our goal of becoming a leading force in urology. We continued the development of our product pipeline, combining steady progress on our original drug candidates with the addition of new products to our portfolio.

Key highlights of our year included:

- the successful completion of the Phase II trial of PSD502 for premature ejaculation
- the transition of PSD503, our treatment for stress urinary incontinence, into a Phase II study
- two additions to our development pipeline through the licensing of PSD506 for overactive bladder from F. Hoffman-La Roche and the licensing of PSD597 for interstitial cystitis from Queen's University in Ontario.

The progress continued into the New Year with the establishment of a franchise in erectile dysfunction products through the acquisition of Timm Medical Technologies, Inc (Timm Medical) and licensing of North American rights for Invicorp[®], a pre-registration product from Senetek.

The net result of this intense activity is a deep and balanced product pipeline which is detailed further in the Chief Executive's review.

In order to support the rapid progression of the Company we have raised a total of £15.2 million (net of expenses) since the beginning of 2005. In March 2005 we raised £8.9m net of expenses via our listing on LSE AIM. This provided us with sufficient

Chairman's Statement

resources to fund our existing development projects through to their licensing points at the end of Phase II. Since the year end, we have raised an additional £6.3 million, net of fees, via a placing to finance the acquisition of Timm Medical. With revenues from this US product marketing business together with potential short term licensing revenue from PSD502 we believe that we have established a degree of financial stability to support our next phase of growth. We have been pleased with the support of our shareholders, both old and new, during this period of development and I would like to take this opportunity to express our appreciation to all of our investors.

Having assembled a broad product portfolio, our primary focus in the new year will be to crystallise value from the development programmes via licensing deals and build upon the solid foundation of revenues provided by the Timm Medical business. In parallel we will continue to seek new opportunities to further the development of your company. We therefore believe that 2006 will be another year of value growth.

Finally, our business can only develop with the continued commitment of our employees and I would like to thank them for all of their hard work throughout the year.



Stuart Wallis

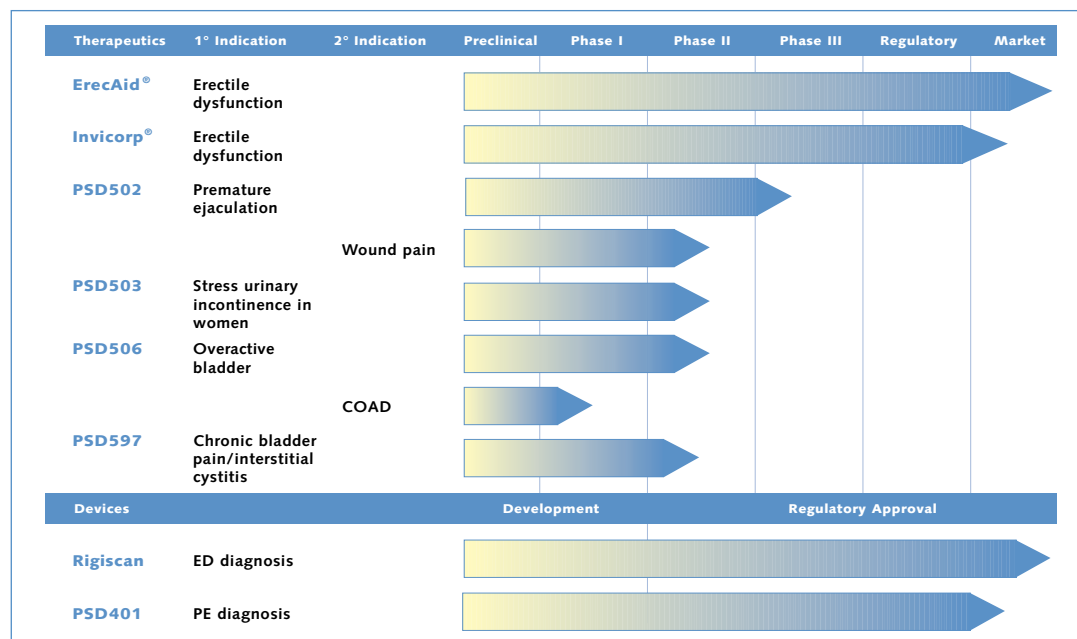
Chairman

3 April 2006

Chief Executive's Review

In 2005 we concentrated our activities on building an extensive development pipeline of products for the treatment of urological conditions and driving value by moving products through clinical trials. Since our flotation in March 2005 we have completed a Phase II trial for one of our products, commenced Phase II trials on two further products as well as introducing marketed products for the treatment of erectile dysfunction to the Plethora portfolio.

Figure 1: Plethora Product Pipeline



Having established this solid platform, our primary goal for 2006 will be to generate value by driving projects forward and establishing revenue generating commercial partnerships, leading off with PSD502.

PREMATURE EJACULATION

Premature ejaculation (PE) is the most commonly reported form of male sexual dysfunction, afflicting 25 to 30% of men in the US and Europe. We estimate that there are over 25 million married men in North America and the major European nations alone who suffer from PE. No pharmaceutical treatments are approved for PE.

PSD502

Plethora's development product for the treatment of PE, PSD502, is a proprietary formulation of two local anaesthetics, lidocaine and prilocaine, dispensed by metered dose aerosol. Application to the glans of the penis just prior to intercourse results in prolongation of time to ejaculation. The product represents a convenient, on-demand therapy with a minimal risk of drug interaction or any other safety issues.

In December 2005, we were delighted to report that PSD502 had successfully completed a double-blind, placebo-controlled parallel group Phase II clinical study conducted in subjects with primary PE. A baseline intravaginal ejaculation latency time (IELT: the time to ejaculation from penetration) was established for each subject and the IELT scores determined after application of either PSD502 or a placebo spray. Results obtained for 43 evaluable subjects showed a statistically-significant ($p < 0.01$) increase in mean IELT over baseline of 3.7 minutes in the PSD502-treated group but only 0.93 minutes in the placebo-treated group, an almost four-fold improvement in time to ejaculation. No subjects withdrew from the study due to treatment associated side-effects. Treated subjects and their partners reported improvements in their sexual quality of life.

Chief Executive's Review

These Phase II study findings are consistent with the results of an earlier published pilot study conducted in 14 subjects.

Plethora has initiated licensing discussions with a number of pharmaceutical companies which have an established global or major regional presence in urology and/or andrology markets. We expect to execute one or more licensing agreements by the middle of 2006.

In line with our business model we have also investigated secondary uses for our intellectual property. In PSD502 we have recognised a significant commercial opportunity for the use of PSD502 in the treatment of painful conditions affecting mucous membranes or non-intact skin, particularly pain arising from burns and from the treatment of burns.

An estimated 250,000 people are burnt each year in the UK. Of these, 175,000 attend accident and emergency departments and 13,000 require subsequent admission to hospital. The treatment of burns involves frequent dressing changes and other manipulations which cause significant "procedural" pain. The relief of procedural pain relies largely on the use of oral or intravenous morphine or other opioids. These drugs must be administered before dressing changes and it is difficult to adjust dosing to control breakthrough pain. High doses of opioids can result in loss of consciousness and addiction. Short-acting opioid drugs do not provide lasting post-procedural pain relief.

Since the PSD502 aerosol spray delivers a highly concentrated, easily absorbed monolayer of local anaesthetics, we believe that this will result in rapid and effective pain relief.

Coupled with little uptake of the drugs into the general circulation, this will afford the patient and physician the potential for safe, on-demand control of procedural pain.

Plethora has initiated two Phase II studies to establish clinical proof of concept in burn and wound pain management in collaboration with two of the largest UK burns units. One study will be conducted in patients with acute burns and scalds and those suffering post-operative pain after skin grafting. Results are expected in the second half of 2006.

PSD401

PSD401 is a device for the measurement of ejaculation time and it is intended for use in the diagnosis and management of PE. The preliminary development phase of this product was completed in mid 2005 and data has been presented in a number of international urology conferences. In addition, a collaborative agreement was signed with Johnson & Johnson for use of the product in clinical studies. The Company will continue to seek further, similar collaborations with pharmaceutical companies whilst pursuing regulatory approval in the USA enabling the company to market the product directly to urologists through the newly acquired Timm Medical sales force.

URINARY INCONTINENCE

Urinary Incontinence Portfolio: PSD503 and PSD506

Urinary incontinence (UI) is a condition where involuntary loss of urine is a social or hygienic problem. UI may be broadly divided into two types: stress UI and urge UI, although "mixed" incontinence is not uncommon.

Stress incontinence (SUI) is the most common form in women and is characterised by the voiding of urine when additional pressure is exerted on the abdomen through coughing, sneezing, laughing, exercising or sitting. There are no globally approved pharmacological treatments for SUI.

Urge urinary incontinence (UUI) is characterised by an unpredictable, frequent and sudden need to urinate, followed by the leaking or gushing of urine.

PSD503: Topical therapy for stress incontinence

A class of drugs known as alpha adrenoceptor agonists has documented beneficial effects in SUI, but their use is limited due to their potential for causing elevation of blood pressure. Plethora has developed PSD503, a topical formulation of the alpha adrenoceptor agonist, phenylephrine, to minimise systemic exposure. The safety of PSD503 has been established in a double-blind, placebo-controlled crossover study in which 12 women with confirmed SUI received a single dose of either topically-applied PSD503 or placebo. No significant increase in mean arterial pressure compared with placebo was found and no local irritation or other adverse events were reported. A placebo-controlled, three-way crossover Phase II study in which subjects with confirmed SUI will be treated with PSD503 at two concentrations is underway. Study endpoints include symptom improvement, safety and objective assessments of urodynamic improvement. Results are anticipated in the second half of 2006.

SUI is most commonly reported in women under 50 and the majority of sufferers have mild to moderate symptoms. The Company believes that PSD503 will offer the 20 million women estimated to suffer from mild to moderate SUI an alternative to incontinence pads or off-label antidepressant use.

PSD506: An oral treatment for overactive bladder in both men and women

In March 2005, Plethora entered into an exclusive license agreement with F. Hoffman-La Roche (Roche) to develop a subtype selective muscarinic receptor antagonist ("antimuscarinic"), now designated PSD506. Antimuscarinics are widely prescribed for the treatment of UUI and the associated syndrome of "overactive bladder" (OAB) – a frequent and unpredictable urge to urinate which does not necessarily result in leakage of urine. Marketed antimuscarinics have differing degrees of selectivity for the receptors found on the bladder, intestines and salivary glands. This results in frequent side effects, including dry mouth and constipation, to an extent that patients often discontinue therapy. Preclinical and early clinical studies undertaken by Roche indicate that PSD506 has a reduced propensity to cause dry mouth and other side effects known to impact on patient compliance. A lower incidence of side effects is viewed as a significant competitive advantage over currently marketed antimuscarinic drugs.

Plethora will conduct three Phase II clinical studies with PSD506: one in women with confirmed UUI; one in men with urinary urge symptoms associated with prostate enlargement (benign prostatic hyperplasia- BPH), and a study in spinal injury patients experiencing incontinence due to spontaneous bladder contraction.

The female moderate to severe UUI treatment population in North America and the major European markets is estimated to be in excess of 6 million women. Plethora estimates that more than 38 million men between the ages of 40 and 80 in North America and Western European nations will experience moderate to severe urinary urge symptoms associated with BPH.

INTERSTITIAL CYSTITIS

Interstitial cystitis (IC) or "painful bladder syndrome" (PBS), a chronic inflammatory condition affecting the bladder, is common among women. A survey of American households indicated that almost 1% of women had received a diagnosis of IC or PBS, suggesting that there are at least 900,000 females afflicted with IC/PBS in the US alone. Chronic Pelvic Pain (CPP) is more frequently reported and is thought to arise from IC/PBS in 35-85% of cases. A UK study of almost 25,000 women found the prevalence of CPP at 38% to be comparable to that of migraine (37%) and back pain (41%).

PSD597

In September 2005, Plethora announced the introduction of a new clinical stage programme, PSD597, for the treatment of IC/PBS. Plethora licensed global rights to a novel development product for treatment of IC/PBS from Queen's University (Kingston, Ontario). Pilot studies indicate that this product can bring about symptomatic relief from IC/PBS, even in patients who have not responded to other treatments. Plethora has received approval from the FDA to initiate a Phase II, double-blind, placebo-controlled study of PSD597 in women with IC/PBS. The primary study endpoint is the symptomatic relief of IC/PBS compared with placebo. This study will be conducted in up to 20 centres in the US and Canada, with results anticipated in 2007.

ERECTILE DYSFUNCTION

Erectile dysfunction (ED) is the persistent inability to attain and maintain an erection sufficient to permit satisfactory sexual intercourse. The prevalence of ED ranges from 10% to 24% and increases with age. The most common causes of ED are nerve, muscle and tissue damage resulting from diabetes, cardiovascular and neurological disease or injury.

Oral drugs such as the phosphodiesterase type 5 (PDE5) inhibitors, sildenafil (Viagra®), vardenafil (Levitra®) and tadalafil (Cialis®) are prescribed widely. However, these agents are contraindicated in individuals taking nitrate medications and may be hazardous in certain cardiovascular conditions or in combination with medications such as those used to treat BPH. As many men have ED in association with either cardio-vascular disease and BPH, this represents a clinical problem for the primary care physician. Efficacy of PDE5 inhibitors is reduced in diabetics and in patients with local nerve damage arising from prostate or pelvic surgery.

Alternative ED medications include prostaglandin E1 (alprostadil), which is either injected into the penis (intracavernosal therapy) or placed in the urethra (intraurethral therapy). Alprostadil therapy can result in persistent and painful erection and is contraindicated in patients with medical conditions such as sickle cell disease and haematological cancers. Non-pharmacological treatments include surgically-implanted prosthetic devices. Implantation can result in penile shortening and complications such as infection.

ErecAid® and Invicorp®: alternatives to oral drugs in erectile dysfunction therapy.

Subsequent to the reporting period, the Company acquired Timm Medical Technologies, Inc. which markets products (ErecAid® vacuum constriction devices) for the treatment of erectile dysfunction (ED). These products carry regulatory approval and are fully reimbursed in the USA. They are sold direct to the urologist and patient in the USA via Timm's own field sales force and via distributors internationally. Plethora has also acquired commercial rights to a complementary product, Invicorp®, for which the company will seek marketing approval in North America.

ErecAid® is a vacuum constriction therapy (VCT) product which has a long history of safe and effective use in ED. An external cylinder is placed over the penis and air is pumped out by hand or electric motor to give a partial vacuum, resulting in engorgement of the penis. A constriction ring is applied to the base of the penis to maintain the erection. Unlike other ED treatments, VCT is not contraindicated in any patient group.

Invicorp® is a proprietary injectable combination of phentolamine mesylate and vasoactive intestinal polypeptide. Unlike other ED drug treatments, Invicorp® has not been contraindicated in any patient population to date and has demonstrated clinical efficacy in patients who have failed treatment with other ED drugs. Significantly, it appears to be devoid of the pain often experienced by patients when administering alprostadil. The product has already received marketing authorisation in the UK, Denmark and New Zealand.

Chief Executive's Review

This franchise of ED treatments will be targeted at the substantial patient populations for whom oral ED drugs are not a viable option. These include men recovering from prostate surgery or radiotherapy, diabetics, those on nitrate drugs (for example, angina sufferers) and the medications most commonly used to treat BPH. Plethora estimates that this treatment population exceeds 3 million men in the US alone.

OUTLOOK

Our focus, to date, has been on assembling a strong and valuable portfolio of products to meet the needs of patients suffering from urological disorders. Over the next 12 months we expect to move through a number of key valuation milestones, including the licensing of PSD502 and the progression of PSD503 and PSD597 through Phase II clinical studies. The acquisition of Timm Medical not only strengthens our financial position but will, we believe, provide Plethora with an additional platform for growth as we extend our capabilities from product development into product marketing. By fulfilling these key objectives we will continue on the path to becoming a leader in the field of urology and continue to create value for shareholders.

We look forward to updating shareholders on our progress.



Steven Powell

Chief Executive Officer

3 April 2006

Plethora's admission to Alternative Investment Market in March 2005 secured sufficient working capital to embark on the development of its pipeline of products for the treatment and management of urological disorders.

RESULTS OF OPERATIONS

The Group loss for the year ended 31 December 2005 was £5.4m (2004: £2.8m) and reflects increased product development activity.

The Group's research and development expenditure is expensed as it is incurred. For the year ended 31 December 2005 development expenditure was £4.6m (2004: £2.0m) and reflects the successful completion of a Phase II study for PSD502, the commencement of a Phase II study for PSD503 and a licensing payment to F. Hoffman-La Roche for PSD506 (an antimuscarinic treatment for overactive bladder in women and in men).

Management and administrative expenses for the year were £1.2m (2004: £0.7m) and the average headcount for the Group was 14 (2004:5).

The Group benefited from net interest received of £198,000 (2004: £3,000).

SHARE ISSUE

In March 2005 the Company raised £10m gross, £8.9m net of fees, via a placing of 7,407,407 shares at 135p.

Subsequent to the year end, in February 2006, the Company raised £7.0m via a placing of 3,200,000 shares at 220p to fund the acquisition of Timm Medical Technologies, Inc and provide additional working capital. The acquisition of Timm Medical Technologies, Inc comprised an initial cash payment of \$8.1m and convertible loan stock of \$1.4m.

LIQUIDITY AND CASH RESOURCES

The Group's cash resources comprise of cash balances together with amounts held on short term deposit and 31 December 2005 totalled £6.2m (2004: £0.1m). The net cash outflow from operating activities was £5.4m (2004: £2.4m).

A handwritten signature in blue ink, appearing to read 'B. Hoy', with a large circular flourish underneath.

Brad Hoy

Chief Financial Officer

3 April 2006

Report of the Directors

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2005.

Principal activity

The Company was incorporated on 25 January 2005 as Copperspice Public Limited Company and on 9 February 2005 changed its name to Plethora Solutions Holdings plc. Its principal activity is that of a holding company.

The Group's principal activity is the development of products for the treatment and management of urological disorders.

Business review

There was a loss for the year after taxation amounting to £5.4 million (2004: £2.8 million).

In view of the loss the Directors cannot recommend the payment of a dividend.

Directors

The present membership of the Board is set out below.

Report of the Directors

The interests of the Directors and their families in the shares of the Company as at 31 December 2005 and on incorporation (or date of appointment if later) were as follows:

	Ordinary shares of 1 pence each 31 December 2005 Number	On appointment Number
S M Wallis (appointed 7 March 2005)	22,300	–
Professor Sir C T Evans (appointed 7 March 2005)	–	–
N B Stafford (appointed 8 February 2005)	486,594	–
A G Hayes (appointed 1 March 2005)	–	–
S J Powell (appointed 8 February 2005)	100	–
M G Wyllie (appointed 8 February 2005)	486,494	–
B R Hoy (appointed 21 March 2005)	–	–

Details of the directors' share options are disclosed in the Report on Remuneration.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group policy throughout the year has been to ensure continuity of funding. At the year end the Group had cash at bank and in hand of £6.2 million and had no borrowings.

Report of the Directors

Share capital

On 24 March 2005, the Company was admitted to trading on the Alternative Investment Market and Placed 7,407,407 ordinary shares of 1 pence each at 135 pence per share. Further issues of ordinary shares in the period are detailed in note 13 to the financial statements.

Substantial shareholdings

Apart from the interests of the Directors, the only interests in excess of 3% of the issued share capital of the Company, which have been notified as at 3 April 2006, were as follows:

	Ordinary shares of 1 pence each Number	Percentage of capital %
Merlin Biosciences Fund III LP	8,185,690	32.2
Merlin Biosciences Fund III LP GmbH and Co KG	1,525,250	6.0
Fidelity International Ltd and its direct and indirect subsidiaries	1,131,818	4.5
Quest for Growth NV	751,406	3.0

Payment to suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually

Report of the Directors

negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code which deals specifically with the payment of suppliers.

Trade creditors at the year end amount to 36 days of average supplies for the period.

Directors' responsibilities for the financial statements

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

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them

Report of the Directors

to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP were appointed as auditors during the period and offer themselves for reappointment in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in blue ink, appearing to read 'B. Hoy', with a large circular flourish underneath.

Brad Hoy

Director

3 April 2006

The Company has, since admission to the Alternative Investment Market on 24 March 2005, applied principles of corporate governance commensurate with its size.

Directors

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision making. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of three executive directors, who hold key operational positions in the Company and four non-executive directors, who bring a breadth of experience and knowledge. This provides a balance whereby the Board's decision making cannot be dominated by an individual. The Chairman of the Board is Stuart Wallis and the Company's business is run by Steven Powell, Mike Wyllie and Brad Hoy. The biographies of the directors are set out below:

Stuart Michael Wallis (Non-Executive Chairman)

Stuart Wallis is a Chartered Accountant and member of the Institute of Taxation and is currently chairman of Protherics plc, TSL Education Ltd, The Simply Smart Group Ltd, and BCS Global Networks Ltd, as well as being a Director of several other private companies.

He has been chairman of a number of publicly listed companies including LLP plc, Yorkshire Group plc, SSL International plc and Communisis plc, as well as a number of

private entities. He was formerly chief executive of Fisons plc and was also an executive director of Bowater plc, Octopus plc and Hestair plc.

Professor Sir Christopher Thomas Evans (Non-Executive Director)

As one of Europe's leading biotechnology entrepreneurs, Sir Christopher has established twenty successful technology companies and floated four on the London Stock Exchange. Sir Christopher is the founder and chairman of Merlin Biosciences Limited, a European venture capital firm specialising in investments in life sciences.

Sir Christopher was awarded a Knighthood in the 2001 New Year's Honours List for services to the bioscience industry and an OBE in the 1995 New Year's Honours List for services to biotechnology.

Neil Brent Stafford (Non-Executive Director)

Neil Stafford has been a Director of Plethora Solutions since 2 December 2003 and is a co-founder. Neil has held management positions with American Cyanamid, F. Hoffmann-La Roche and Monsanto Corporation. In the past five years Neil has played a leading role in establishing a number of new businesses. In addition, he is an advisor to a number of private equity houses and institutions in London and New York.

Dr Ann Gail Hayes (Non-Executive Director)

Ann Hayes worked for GlaxoWellcome (now GlaxoSmithKline) for twenty two years, initially in research and has particular expertise in the areas of CNS and analgesia. Her last position in GlaxoWellcome was an international role as a Director in Drug Discovery. Ann is currently an independent consultant, working extensively with small pharmaceutical and biotechnology companies.

Dr Steven John Powell (Chief Executive Officer)

Steven Powell joined Plethora as CEO in 2004. Prior to this he was a director of the Gilde Biotechnology and Nutrition Fund, a pan-European venture capital fund focused on investments in early-stage life science companies. In addition to his private equity experience, Steven has 20 years of experience in the pharmaceutical and life sciences sector, during which time he has worked in research and development, commercial and general management roles.

Dr. Michael Grant Wyllie (Chief Technical Officer)

Mike Wyllie is a co-founder of Plethora Solutions. He has over 25 years of experience in senior management level positions within the pharmaceutical industry with American Home Products and Pfizer. He has considerable experience in all aspects of drug discovery and development and has been involved the successful commercialisation of products including Cardura (doxazosin) and Viagra (sildenafil). Dr. Wyllie sits on The Clinical Trial Design and Future Therapies in BPH Committees of the World Health Organisation International Consultations on Urological Disease and he is an assistant editor of the British Journal of Urology in the Sexual Medicine Section. He has over 100 publications and is named as the inventor of in excess of 80 patents.

Bradley Richard Hoy (Chief Financial Officer)

Brad Hoy joined Plethora as CFO in March 2005. He has over ten years experience in the pharmaceutical and biotechnology industries through financial and general management roles in the UK and USA. Most recently Brad was CEO of UK private biotech company Xcellsys Limited until the sale of its assets to Cambrex Corporation Inc.

Prior to this he was senior director of Geron Corporation's Edinburgh-based subsidiary Geron Bio-Med Limited. Brad is a Chartered Management Accountant.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and to review its effectiveness. The system of internal control is designed to provide reasonable, but not absolute, assurance against material mis-statement or loss and to mitigate operational risks.

An audit committee has been established, chaired by Dr Ann Hayes, which will meet at least twice a year and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on, as well as meeting the auditors and reviewing any reports prepared by the auditors.

The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, it will review this decision annually.

The key features of the Group's system of internal control are as follows:

- the Company is headed by an effective Board, which leads and controls the Group;
- there is a clear division of responsibilities in running the Board and running the Group's business;
- the Board includes a balance of executive and non-executive Directors; and
- the Board receives and reviews on a timely basis financial and operating information appropriate to being able to discharge its duties.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

International Financial Reporting Standards (IFRS)

The Company recognises that there is a requirement to prepare its financial statements under IFRS for the financial year ending 31 December 2007. The Board intends to keep this matter under review and monitor its impact in the period to the transition date.

Report on Remuneration

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Company operates within a competitive environment and performance depends on the individual contributions of the Directors and employees. The Company believes in rewarding vision and innovation.

Policy on executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives. A separate remuneration committee has been established comprising the non-executive directors and is chaired by Dr Ann Hayes.

Benefits in kind

S J Powell and B R Hoy are entitled to pension contributions of 8% of their basic salary per annum. M G Wyllie is entitled to an allowance for pension contributions of 8% of his basic salary per annum. S J Powell, M G Wyllie and B R Hoy are entitled to participate in any medical health scheme operated by the Company.

Report on Remuneration

Bonuses

S J Powell, M G Wyllie and B R Hoy are entitled to a bonus of up to a maximum of 50 per cent of basic salary per annum at the discretion of the remuneration committee based on the achievement of such measures of performance of the Group as the remuneration committee considers appropriate. Bonuses were paid in 2005 based on the achievement of key strategic objectives as agreed by the remuneration committee.

The remuneration of the Directors was as follows:

	Prof Sir C T							Total
	S M Wallis	Evans	N B Stafford	A G Hayes	S J Powell	M G Wyllie	B R Hoy	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2005								
Salary and fees	42	20	49	9	146	122	87	475
Bonuses	–	–	–	–	60	42	25	127
Benefits in kind	–	–	–	–	–	–	1	1
Pension	–	–	–	–	11	–	5	16
Total	42	20	49	9	217	164	118	619
2004								
Salary and fees	–	45	91	–	24	132	–	292
Pension	–	–	–	–	2	–	–	2
Total	–	45	91	–	26	132	–	294

Report on Remuneration

Notice periods

The notice periods for S M Wallis and S J Powell are 12 months.

The notice periods for M G Wyllie and B R Hoy are 6 months.

The notice periods for Sir Christopher T Evans, N B Stafford and A G Hayes are 1 month.

Share option incentives

The Company adopted an Executive Share Option Scheme on 16 March 2005 and

At 31 December 2005 the following options were held by the directors:

	At beginning of period	Granted in period	At end of period	Exercise price
S M Wallis	–	777,777	777,777	135p
Professor Sir C T Evans	–	–	–	–
N B Stafford	–	–	–	–
A G Hayes	–	–	–	–
S J Powell	–	1,111,111	1,111,111	135p
M G Wyllie	–	444,444	444,444	135p
B R Hoy	–	181,818	181,818	110p

granted individual option agreements to motivate and retain key personnel of the Group. The share options may be exercised in whole or in part at any time during the period between the third and tenth anniversary of the date of grant.

The shares in the Company were Placed at 135p on 24 March 2005. The market price as at 31 December 2005 was 265p and the range during the year was 108p to 267.5p.

Consolidated Profit and Loss Account

For the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	2	17	–
Cost of sales		–	–
Gross profit		17	–
Research and development expenses		(4,551)	(1,955)
Other administrative expenses		(1,237)	(693)
Administrative expenses		(5,788)	(2,648)
Operating loss		(5,771)	(2,648)
Net interest receivable/(payable) and similar charges	4	198	(110)
Loss on ordinary activities before taxation	2	(5,573)	(2,758)
Taxation on loss on ordinary activities	5	143	–
Loss on ordinary activities after taxation for the financial period transferred from reserves	6 & 14	(5,430)	(2,758)
Basic loss per share	7	(31.0p)	(26.1p)

All of the activities of the company are classed as continuing.

There were no recognised gains or losses other than the loss for the financial periods.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance sheet at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	8	70	43
Current assets			
Debtors	10	269	17
Cash in bank and in hand		6,213	49
		6,482	66
Creditors: amounts falling due within one year	11	(797)	(1,874)
Net current assets/(liabilities)		5,685	(1,808)
Total assets less current liabilities		5,755	(1,765)
		5,755	(1,765)
Capital and reserves			
Called up share capital	13	222	–
Share premium account	14	8,813	–
Other reserves	14	4,908	993
Profit and loss account	14	(8,188)	(2,758)
Equity shareholders' funds/(deficit)	15	5,755	(1,765)

The financial statements were approved by the Board of Directors on 3 April 2006

S J Powell

Director




S M Wallis

Director

Company Balance sheet at 31 December 2005

	Note	2005 £'000
Fixed assets		
Investments	9	148
Current assets		
Debtors	10	8,714
Creditors: amounts falling due within one year	11	(52)
Net current assets		8,810
Total assets less current liabilities		8,810
Capital and reserves		
Called up share capital	13	222
Share premium account	14	8,813
Profit and loss account	14	(225)
Equity shareholders' funds		8,810

The financial statements were approved by the Board of Directors on 3 April 2006

S J Powell

Director




S M Wallis

Director

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Net cash outflow from operating activities	19	(5,425)	(2,382)
Returns on investments and servicing of finance			
Interest received		248	3
Interest paid		(50)	–
Net cash inflow from returns on investments and service of finance		198	3
Taxation		143	–
Capital expenditure			
Payments to acquire tangible assets		(52)	(52)
Net cash outflow for capital expenditure		(52)	(52)
Net cash outflow before financing		(5,136)	(2,431)
Financing			
Issue of shares		10,000	1,000
Redemption of shares		(50)	–
Expenses paid in connect with share issue		(700)	(7)
Receipts from borrowings		2,050	1,487
		11,300	2,480
Increase in cash	20	6,164	49

Notes to the Financial Statements

For the year ended 31 December 2005

1. PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the Group are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the Company and of its subsidiary undertaking. Profits or losses on intra-group transactions are eliminated in full. On 17 March 2005, as part of a group reconstruction, the Company acquired the entire issued share capital of Plethora Solutions Limited the consideration being satisfied by the issue of ordinary shares in the Company. In preparing the consolidated financial statements merger accounting has, therefore, been applied and accordingly disclose the financial information as if Plethora Solutions Limited had always been part of the Group.

TURNOVER

Turnover is the total amount receivable by the Group for services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their expected useful economic lives. The rates generally applicable are:

Fixtures and fittings and equipment	33% straight line
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Notes to the Financial Statements

For the year ended 31 December 2005

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

INVESTMENTS

Investments in the Company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of Section 131 of the Companies Act 1985 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs of acquisition.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Notes to the Financial Statements

For the year ended 31 December 2005

PENSIONS

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LIQUID RESOURCES

Income and expenditure on liquid resources is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

RESEARCH AND DEVELOPMENT (INCLUDING LICENCE FEES)

At present, research and development expenditure, including licence fees, constitutes pure research and is therefore written off in the year it is incurred.

2. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Group's turnover and loss on ordinary activities before taxation were all derived from the principal activity of developing products for the diagnosis, treatment and management of urological disorders.

The loss on ordinary activities is stated after charging:

	2005 £'000	2004 £'000
Auditors' remuneration:		
Audit services	22	7
Non-audit services – Taxation services	14	2
Operating lease charges – land and buildings	39	39
Depreciation and amortisation:		
Tangible fixed assets, owned	26	10

Notes to the Financial Statements

For the year ended 31 December 2005

During the year the auditors also received remuneration of £55,000 which was charged to the share premium account. This related to services provided regarding the flotation.

3. DIRECTORS AND EMPLOYEES

	2005 Number	2004 Number
The average number of persons (including directors) employed by the Group during the period was:		
Administration and management employees	5	1
Development employees	9	4
	14	5
Employee costs during the period were as follows:		
	£'000	£'000
Wages and salaries	1,113	332
Social security costs	161	38
Other pension costs	41	8
	1,315	378

Remuneration in respect of directors is disclosed in the Report on Remuneration.

Notes to the Financial Statements

For the year ended 31 December 2005

4. INTEREST (RECEIVABLE)/PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Other interest payable and similar charges	50	113
Bank interest receivable	(248)	(3)
	(198)	110

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the loss for the year and represents:

	2005	2004
	£	£
United Kingdom corporation tax at 19% (2004: 19%) and total current tax	–	–
Adjustment in respect of prior years – research and development tax credit	143	–
Tax on loss on ordinary activities	143	–

Notes to the Financial Statements

For the year ended 31 December 2005

The tax assessed is different than the standard rate of corporation tax in the UK of 19% (2004: 19%). The differences are explained as follows:

	2005	2004
	£'000	£'000
Loss on ordinary activities before tax	(5,573)	(2,758)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2004: 19%)	(1,059)	(524)
Effect of:		
Expenses not deductible for tax purposes	8	20
Depreciation in excess of capital allowances	4	1
Unutilised tax losses	1,047	503
Adjustment in respect of prior years	(143)	–
	(143)	–

At 31 December 2005 the Group had tax losses of £8.0 million (2004: £2.6 million) to offset against future profits.

Notes to the Financial Statements

For the year ended 31 December 2005

6. LOSS FOR THE FINANCIAL PERIOD

The parent Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the period was £225,000.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the period. The impact of the share options and convertible debt are anti dilutive. The loss and weighted average number of shares used in the calculations are set out below:

Basic loss per share	Loss £'000	Weighted average number of shares	Loss per share pence
Year ended 31 December 2005	(5,430)	17,516,280	(31.0)
Year ended 31 December 2004	(2,758)	10,571,055	(26.1)

The weighted average number of shares assumes that the sub-division which occurred on 8 February 2005 had been applicable throughout the period.

Notes to the Financial Statements

For the year ended 31 December 2005

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings and equipment £'000
At 31 December 2004	53
Additions	52
At 31 December 2005	105
Depreciation	
At 31 December 2004	9
Provided in the period	26
At 31 December 2005	35
Net book amount at 31 December 2005	70
Net book amount at 31 December 2004	43

9. FIXED ASSET INVESTMENTS

Group	Subsidiary undertaking £'000
Cost and net book amount	
Additions and at 31 December 2005	148

At 31 December 2005 the Company holds 100% of the ordinary share capital of the following subsidiary, which is registered in England and Wales.

Subsidiary

Plethora Solutions Limited

Nature of business

Development of drugs and medical devices

Notes to the Financial Statements

For the year ended 31 December 2005

10. DEBTORS

	Group		Company
	2005	2004	2005
	£'000	£'000	£'000
Trade debtors	17	–	–
Amounts owed by Group undertakings	–	–	8,714
Other debtors	162	17	–
Prepayments and accrued income	90	–	–
	269	17	8,714

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company
	2005	2004	2005
	£'000	£'000	£'000
Convertible loans	–	1,519	–
Trade creditors	284	106	–
Social security and other taxes	40	43	–
Other creditors	–	7	–
Pension contributions	13	5	–
Accruals and deferred income	460	190	52
	797	1,874	52

Convertible loans are stated net of unamortised professional fees of £nil (2004: £130,740).

Notes to the Financial Statements

For the year ended 31 December 2005

12. FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash and short term deposits and various forms of borrowings. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group policy throughout the year has been to ensure continuity of funding. At the year end the Group had no borrowings and hence no interest rate risk.

13. SHARE CAPITAL

	2005 £
Authorised	
45,000,000 ordinary shares of 1 pence each	450,000
Allotted, issued and fully paid	
22,222,420 ordinary shares of 1 pence each	222,224

Notes to the Financial Statements

For the year ended 31 December 2005

The Company was incorporated with 100,000 ordinary shares of £1 each and issued 2 ordinary shares of £1 each at par.

On 8 February 2005, the 100,000 shares of £1 each in the Company were sub-divided in to 10,000,000 shares of 1 pence each.

On 7 March 2005, 5,000,000 ordinary shares were converted to redeemable shares of £1 each and 50,000 redeemable shares were issued to certain Directors at par.

On 16 March 2005, the authorised share capital was increased by the creation of 40,000,000 new ordinary £1 shares.

On 17 March 2005, 14,814,814 were issued in share swap for the entire share capital of Plethora Solutions Limited.

On 24 March 2005, the Company was admitted to trading on the Alternative Investment Market and Placed 7,407,407 ordinary shares of 1 pence each at 135 pence per share.

The 50,000 redeemable shares were redeemed out of the proceeds of this issue.

Details of shares options granted to the Directors are disclosed in the Report on Remuneration.

In addition on 17 March 2005 the Company granted 444,444 options to Collins Stewart Limited which are exercisable for a period of 24 months from the date of admission at a price of 135 pence.

Notes to the Financial Statements

For the year ended 31 December 2005

14. RESERVES

Group	Share premium £'000	Other reserves £'000	Profit and loss account £'000
At 1 January 2005	–	993	(2,758)
Retained loss for period	–	–	(5,430)
On share placing	9,926	3,915	–
Issue costs	(1,113)	–	–
At 31 December 2005	8,813	4,908	(8,188)

Company	Share premium £'000	Profit and loss account £'000
Retained loss for the period	–	(225)
On share placing	9,926	–
Issue costs	(1,113)	–
At 31 December 2005	8,813	(225)

Other reserves represent the merger reserve. The movement of this reserve during the year represents shares issued by the subsidiary undertaking between the previous year end and the date of the merger.

Notes to the Financial Statements

For the year ended 31 December 2005

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2005	2004
	£'000	£'000
Loss for financial period	(5,430)	(2,758)
Issue of ordinary share capital	12,950	993
Net increase in shareholders' funds	7,520	(1,765)
Equity shareholders' deficit at 1 January	(1,765)	–
<u>Equity shareholders' funds/(deficit) at 31 December</u>	<u>5,755</u>	<u>(1,765)</u>

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2005 or 31 December 2004.

17. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2005 or 31 December 2004.

Notes to the Financial Statements

For the year ended 31 December 2005

18. LEASING COMMITMENTS (continued)

Operating lease payments amounting to £39,000 (2004: £39,000) are due within one year; the leases to which these amounts relate expire as follows:

Group	2005 Land and buildings £'000	2004 Land and buildings £'000
Between one and five years	39	39

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2005 £'000	2004 £'000
Operating loss	(5,771)	(2,648)
Depreciation	26	10
Increase in debtors	(252)	(17)
Increase in creditors	572	273
Net cash outflow from operating activities	(5,425)	(2,382)

Notes to the Financial Statements

For the year ended 31 December 2005

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	2005 £'000	2004 '000
Increase in cash in the period	6,164	49
Cash inflow from financing	(2,050)	(1,487)
Change in net debt resulting from cashflows	4,114	(1,438)
Non cash movements	3,569	(32)
Change in net debt resulting from cashflows, movement in net debt in the period and net debt	7,683	1,470
Net debt at 1 January	(1,470)	–
Net fund/(net debt) at 31 December	6,213	(1,470)

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2005 £'000	Cash flow £'000	Non cash movements £'000	At 31 December 2005 £'000
Cash in hand and at bank	49	6,164	–	6,213
Debt	(1,519)	(2,050)	3,569	–
	(1,470)	4,114	3,569	6,213

Non cash movements comprises the consolidation of debt to equity and interest charges associated therewith.

Notes to the Financial Statements

For the year ended 31 December 2005

22. TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

During the year the Group made purchases of £111,686, £26,890 and £26,457 for general business services (2004: £126,973, £35,249 and £26,360) on an arms length basis from Urodoc Limited, Men's Health Limited and Wellbeings Limited respectively. Dr M G Wyllie, a Director and shareholder, is a director and majority shareholder of Urodoc Limited, Men's Health Limited and Wellbeings Limited.

At 31 December 2005 the Group owed £30,497, £9,717 and £2,397 (2004: £18,679, £4,453 and £2,397) to Urodoc Limited, Men's Health Limited and Wellbeings Limited respectively.

During the period the Group paid fees in respect of the services provided by Professor Sir Christopher Evans to the Group of £20,000 (2004: £50,000) through Merlin Scientific Services LLP and Merlin Biosciences Ltd. In addition, other services provided by Merlin Scientific Services LLP and Merlin Biosciences Ltd in the period amounted to £11,964 (2004: £77,128), on an arms length basis. Professor Sir Christopher Evans, a Director of the Company, is a designated member of Merlin Scientific Service LLP and Merlin Biosciences Ltd.

At 31 December 2005 no amounts were owed to the Group by, or by the Group to, Merlin Scientific Services LLP.

23. POST BALANCE SHEET EVENTS

On 10 February 2006 the Company acquired the urology products marketer Timm Medical Technologies, Inc. for \$9.5 million comprising cash of \$8.1m and convertible loan stock of \$1.4m, which was funded by a placing of 3.2 million new shares at 220 pence per share.

Independent Auditor's Report

Independent Auditor's Report to the members of Plethora Solutions Holdings plc



We have audited the Group and Parent Company's financial statements (the "financial statements") of Plethora Solutions Holdings plc (formerly Copperspice Public Limited Company) for the year ended 31 December 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cashflow statement and notes 1 to 22. These Group financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

Independent Auditor's Report

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Corporate Statement, the Chairman's Statement, the Chief Executive's Review, the Report on Corporate Governance, the Financial Review and the Report on Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

Independent Auditor's Report

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Company's affairs as at 31 December 2005 and of the Group's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BIRMINGHAM

4 April 2006

The maintenance and integrity of the Plethora Solutions Holdings plc website is the responsibility of the Directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

Registered Offices and Advisors

Company registration number:

05341336

Registered office:

Lupus House
11/13 Macklin Street
Covent Garden
London
WC2B 5NH

Directors:

S M Wallis (Non-Executive Chairman)
Professor Sir C T Evans (Non-Executive Director)
N B Stafford (Non-Executive Director)
Dr. A G Hayes (Non-Executive Director)
Dr. S J Powell (Chief Executive Officer)
Dr. M G Wyllie (Chief Scientific Officer)
B R Hoy (Chief Financial Officer)

Company Secretary:

B R Hoy

Nominated adviser and

Nominated broker:

Collins Stewart Limited
88 Wood Street
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EC2V 7QR

Registrars:

Lloyds TSB Registrars
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BN99 6DA

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Solicitors:

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Auditors:

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Registered Auditors
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