

9 March 2010

Plethora Solutions Holdings plc
("Plethora" or the "Company")

Preliminary Results For Financial Year Ended 31 December 2009

During 2009 Plethora executed a series of transforming transactions which has resulted in the Company ending the year with a renewed business focus and a solid foundation for future growth.

HIGHLIGHTS

- Revenues of £17.7m (£0.6m, 2008);
- A £15.3m transaction with retained royalty rights with Shionogi Pharma, Inc. (formerly Sciele Pharma, Inc.) in which Shionogi acquired global rights to PSD502, Plethora's development product for the treatment of premature ejaculation (PE);
- An option agreement with a global pharma company for the future development of PSD503 for the treatment of stress urinary incontinence (SUI);
- A significant reduction in Group effective borrowings from £30.8m to £2.2m;
- A substantial reduction in the Group's operating cost base from £14.2m in 2008 to £8.2m in 2009;
- The creation of a new, wholly owned pharmaceutical marketing and distribution subsidiary, The Urology Company Limited;
- A profit for the year of £9.6m (2008: loss £16.4m)

The result of these actions is that the Company can look forward to potential royalties from products embedded with partners in the medium term and from product sales in the near term. These complementary revenue streams should create a sustainable business from which value would flow directly to equity shareholders.

Steven Powell, Chief Executive Officer of Plethora, commented:

"I am pleased to be able to report that the strategic actions taken in 2009 allow Plethora to announce a maiden profit of £9.6m. Our objective is to build a profitable specialty pharmaceutical business around the potential royalty flows from our development products and The Urology Company."

Enquiries:

Plethora Solutions

Steven Powell/Ronald Openshaw

Tel : +44(0) 20 3077 5400

FinnCap

Geoff Nash/Marc Young

Tel : +44(0) 20 7600 1658

Hansard Communications

John Bick/Kirsty Corcoran

Tel: +44(0) 20 7245 1100

About Plethora: www.plethorasolutions.co.uk.

Plethora is focused on the development and marketing of products for the treatment of urological disorders. The Company has products in clinical development for the treatment of overactive bladder (PSD506), stress urinary incontinence (PSD503), interstitial cystitis (PSD597), gynaecological pain (PSD508), erectile dysfunction (PSD510) and premature ejaculation (PSD502). Plethora's subsidiary, The Urology Company Limited, was established in 2009 to market and distribute a range of therapeutic products for the treatment of urology, andrology and obstetric conditions. The Company is headquartered in the UK and is listed on the London Stock Exchange (AIM: PLE.L).

Preliminary Results for the financial year ended 31 December 2009

PSD502

PSD502 has been developed by Plethora as a treatment for premature ejaculation. Following the successful European Phase III pivotal study announced in November 2008, the Group announced in July 2009 that PSD502 had also completed its second and final phase III study successfully. Both of these studies showed a highly statistically significant clinical result. PSD502 is now being prepared for regulatory filing with the FDA in the United States and the EMEA in Europe.

In 2007 Plethora first announced a co-development agreement with Sciele Pharma, Inc. ("Sciele"). Under this agreement Plethora and Sciele were to co-promote PSD502, for the treatment of premature ejaculation, in the United States.

At the end of 2008, Sciele was acquired by Shionogi & Co., Ltd., a major international pharmaceutical group headquartered in Japan, following which in January 2010 Sciele was renamed Shionogi Pharma, Inc. ("Shionogi"). The acquisition substantially expanded the financial strength and international reach of our US partner.

In April 2009 Plethora announced the amendment of the existing PSD502 co-development and licence agreement, whereby Sciele/Shionogi acquired exclusive rights to PSD502 in the United States and Plethora received a single licence payment of \$13.7 million (£9.9 million). Plethora will not receive any royalties from Shionogi relating to the US commercialisation of PSD502 but is receiving reimbursement of costs incurred in relation to the completion of the US development programme. The board took this decision to provide much needed income to the Group to fund operations and cut R&D costs related to the US development programme.

In May 2009 Plethora announced that it had licensed Global rights for PSD502 to Sciele/Shionogi. Given their increased strength, global reach and detailed knowledge of the product the board concluded that Shionogi would make an appropriate partner to commercialise PSD502 on an international basis. As a result of this second transaction, Plethora received a further \$8.4 million (£5.4 million) in licensing payments. In addition, Plethora will receive royalties on Shionogi's income arising in Europe and the Rest of the World (ex-Japan and the United States). The Group is also receiving reimbursement revenue to compensate it for certain R&D costs borne following completion of the two license agreements signed during the year.

In aggregate during 2009 the Group recorded licensing revenue of £15.3 million (2008: nil) and reimbursement revenue of £2.4 million (2008: £0.6 million) from the agreements with Shionogi relating to PSD502.

Since 2007 the Group has in aggregate received \$29.1 million from Sciele/Shionogi comprising upfront and licensing payments, equity investments and re-imbursement revenue. The Group continues to have an interest in the commercial outcome of PSD502 through its royalty interest in Europe and RoW (ex Japan & USA). Independent analysts have valued this royalty stream on a discounted and risk adjusted basis at approximately £20 million.

During 2010 it is expected that Shionogi will file for approval for PSD502 in the United States with the FDA and in Europe with the EMEA. Both of these are important milestones for Plethora, marking the next stage towards the commercialisation of PSD502 and these events will increase the risk adjusted net present value of Plethora's royalty interest.

FINANCIAL RESTRUCTURING

In May 2009 Plethora announced a financial restructuring designed to reduce the Group's indebtedness significantly. At the beginning of 2009 the Group had an exposure to Paul Capital of

\$15.75m, which, due to a 2.5x put option, gave rise to a potential effective liability of \$39.4m (£27.2 million). The liability under this instrument was recorded in the Group's subsidiary Timm Medical and is therefore included in Discontinued Operations. In addition, the Group had amounts due to ETV Capital S.A. of £2.8m and a convertible loan note of £750,000, bringing potential effective liabilities to £30.8m.

The restructuring comprised: the repayment of the ETV Capital S.A. loan facility and a Compromise Agreement with Paul Capital Healthcare. The Compromise Agreement released the Company from all future debt obligations in return for the sale to Paul Capital of the Group's subsidiary, Timm Medical Technologies, Inc. ("Timm") and the repayment of part of the liability out of the proceeds of the licensing agreements with Sciele.

Timm was acquired by Plethora in 2006. Its business is the marketing of medical devices to treat male erectile dysfunction. At the time of its acquisition the Group viewed Timm's role as strategic to provide the sales and marketing infrastructure to the Group to support the co-promotion of PSD502 in the USA. Following the completion of the US license agreement with Shionogi in 2009, Timm ceased to be of strategic importance. The board therefore took the tactical decision to use Timm as a financial asset and sold it to Paul Capital Healthcare as part of the compromise to extinguish the Group's liability to them. Under IFRS, Timm's results are shown as Discontinued Operations.

THE UROLOGY COMPANY

In August 2009 the Group formed a new subsidiary - The Urology Company Limited; a marketing and distribution business targeted at the UK urology market. This will exploit the breadth of the Group's urology expertise, building on the management team's ability to grow and develop a sales and marketing business targeted at the urology sector as demonstrated by the growth of Timm from the time of its acquisition.

The Urology Company will be complementary to the Group's development and licensing activities. Milestone and royalty income arising from licensing can be uncertain both in its timing and quantum. The Urology Company is designed to provide a more predictable, regular and growing source of income.

The Urology Company will market a range of products comprising proprietary, branded generic and generic pharmaceuticals, together with selected medical devices and food supplements (where these have a scientifically robust basis). Routes to market will include direct to the specialist prescribing physician and retail pharmacy and, where permitted and appropriate, direct to the consumer.

Since August 2009 the Group has made substantial progress in the development of this new business including:

- Entering into an exclusive UK distribution agreement for Striant SR[®], an approved testosterone replacement treatment for hypogonadism;
- Entering into an exclusive UK distribution agreement for Dianatal[®], a CE marked obstetric gel to facilitate child birth; and
- Securing operational management with specialist knowledge in (i) pharmaceutical logistics and supply chain management, and (ii) the sales, marketing and distribution of pharmaceuticals in the UK.

DECEMBER 2009 PLACING

In November 2009 the Company announced that it had secured commitments from institutional and other investors to raise £1.56 million by way of a Placing of 11.15 million new ordinary shares at 10p and the issuance of £450,000 convertible loan notes due 31 December 2012 and convertible at

12.5p per share. In connection with the Placing, shareholder approval was also sought for the issuance of up to £1 million of loan notes. Although only £450,000 was issued in December, this provides the Board with the flexibility to issue further securities if this is in shareholders' interests. The Placing was approved by shareholders at a General Meeting on 7 December 2009.

FINANCIAL RESULTS

Trading Results

The financial results for 2009 show the receipt of significant revenue from Shionogi as a result of the US and Global license agreements; declining R&D spend as the major development work on PSD502 was completed; continued focus on controlling G&A costs and the financial restructuring and Placing carried out at the end of 2009. Together these factors give rise to the Company reporting a maiden profit.

Revenue for the year was £17.7 million (2008: £640,000) which comprised £15.3 million (2008: nil) of licensing income arising on the US and Global license agreements, and a further £2.4 million (2008: £640,000) of reimbursement income.

Total Operating Expenses were £8.2 million (2008: £14.2 million), a decrease of 42% compared to the previous year. This cost reduction was seen in all areas of the Group's operations.

R&D Costs fell by 34% to £6.0 million (2008: £9.2 million). This reflects the declining clinical trial activity particularly as PSD502 completed its European Phase III clinical trial in 2008 and the US Phase III clinical trial in the first half of 2009. Costs were still incurred on a number of other projects most notably PSD510, a treatment for erectile dysfunction. If R&D costs are viewed as net of Reimbursement Income the reduction is greater still as net R&D costs were £3.6 million (2008: £8.6 million) a decline of 58%.

Foreign exchange losses for the period were £283,000 (2008: £2.5 million), a decline of 89%. This is due to the disposal of Timm as the Group now has no material foreign currency assets or liabilities.

Other Admin Expenses fell to £1.8 million (2008: £2.5 million) a decline of 30%. This reflects tight cost control across all areas of the business and a reduction in headcount. Across the year, the Group's total headcount fell from 22 to 14 on a like-for-like basis excluding the effect of the disposal of Timm. Comparing the two halves of 2009, Admin Expenses decreased from £1.2 million in H1 by 53% to £0.6 million in H2.

Sales & Marketing expenses of £121,000 (2008: nil) were incurred in the second half of 2009 as the Group commenced the early stages of establishing The Urology Company.

Interest payable during the period was £421,000 (2008: £534,000). The reduction is due to substantially lower borrowings, particularly to ETV Capital S.A. Interest charges incurred in relation to the Paul Capital revenue finance agreement are included in Discontinued Operations.

During 2009 the Group continued to receive UK R&D tax credits, which were £324,000 (2008: £763,000).

Overall, as a result of the substantial income from licensing and the declining costs, the Group recorded its maiden profit after tax from Continuing Operations of £9.4 million (2008: loss £13.3 million).

Balance Sheet

A substantial proportion of the proceeds arising from the Shionogi PSD502 transactions were used to repay borrowings. As a result effective potential borrowings fell from £30.8 million at 31 December

2008 to £2.2 million at 31 December 2009 and the nature and liquidity profile of the Group's borrowings at year end changed substantially. The £2.2 million of borrowings at 31 December 2009 represents three tranches of convertible loan notes; £750,000 issued in September 2008, a further £1.0 million was issued in January 2009 and finally an additional £450,000 was issued in December 2009. As a condition of the Placing in December 2009, the terms of these three loan notes were brought into common economic terms. The original maturity dates of the first two tranches were extended from September 2010 and February 2011 to December 2012. Finally the coupon and conversion prices were brought to the same terms at 13% and 12.5p respectively. The extension of the maturity of the loan notes is important, as this is designed to ensure that the loan notes fall due for repayment substantially after the anticipated launch date of PSD502 and the launch of The Urology Company, both of which are anticipated to be cashflow generative by that point.

In December 2009 the Company completed the Placing as described above and consequently, cash resources were £1.4 million at the year end (2008: £0.5 million).

STRATEGY AND OUTLOOK

The series of strategic initiatives implemented in 2009 should now accelerate the Group towards a sustainable specialty pharmaceutical business.

Over the course of 2010 the Company expects to see Shionogi file PSD502 for approval, rapid development of revenues from The Urology Company and further reductions in R&D expenditure.

PSD502 will be filed for approval by Shionogi with both the FDA and the EMEA. The timing and control of this is now entirely in Shionogi's hands. This, however, is important for Plethora as it represents the next critical step towards the Group earning sustained royalties from this programme.

The Company still has an interest in a number of additional development programmes including PSD510 for the treatment of erectile dysfunction and PSD597 for the treatment of bladder pain. It remains an objective to deliver value from these and other development stage programmes.

A major part of the Group's effort over 2010 will be the development of The Urology Company. This new business has sourced the first two products for launch and the intention is that between 6 and 9 products will be launched by the end of this year. The revenue of The Urology Company will build as products are launched and as the Company progresses, so it will seek to add further profitable products to its portfolio.

Plethora has developed and implemented a clear strategy for the development of a sustainable business, building on the know-how, skills and contacts developed since its inception. During 2009 the necessary foundations were completed. During 2010 Plethora is focussed on growing the business for the future and delivering shareholder value.

William Robinson
Chairman

Steven Powell
Chief Executive Officer

9th March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 £'000 Unaudited	2008 £'000 Audited
Revenue		17,742	640
Cost of sales		-	-
Gross Profit		17,742	640
Administrative expenses			
- research & development costs		(6,049)	(9,203)
- exchange losses		(283)	(2,480)
- sales & marketing expenses		(121)	-
- general & administrative expenses		(1,787)	(2,538)
		(8,240)	(14,221)
Operating profit/(loss)		9,502	(13,581)
Finance costs		(421)	(534)
Finance income		4	46
Profit/(loss) for the year from continuing operations before taxation		9,085	(14,069)
Tax credit		324	763
Profit/(loss) from continuing operations		9,409	(13,306)
Profit/(loss) from discontinued operations		165	(3,082)
Total comprehensive income/(loss) for the year attributable to equity shareholders		9,574	(16,388)
Earnings/(loss) per share	4		
Basic earnings/(loss) per share			
- continuing operations		29.8p	(47.2)p
- discontinued operations		0.5p	(10.9)p
- total operations		30.3p	(58.1)p
Diluted earnings/(loss) per share			
- continuing operations		19.4p	(47.2)p
- discontinued operations		0.3p	(10.9)p
- total operations		19.7p	(58.1)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share Capital	Share Premium	Other Reserves	Convertible Loan Note Reserve	Translation Reserve	Share Based Payment Reserve	Retained Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Audited)								
Balance at 1 January 2008	280	20,103	4,908	-	(126)	1,300	(24,798)	(1,667)
Exchange movement on translation of foreign entities	-	-	-	-	(128)	-	-	(128)
Net losses recognised directly in equity	-	-	-	-	(128)	-	-	(128)
Discontinued operations	-	-	-	-	254	-	-	254
Loss for the period	-	-	-	-	-	-	(16,388)	(16,388)
Total recognised income/ (expense) for the year	-	-	-	-	126	-	(16,388)	(16,262)
Issue of new shares	28	392	-	-	-	-	-	420
Cost of issue of new shares	-	(239)	-	-	-	-	-	(239)
Employee share based compensation	-	-	-	-	-	492	-	492
Balance at 31 December 2008	308	20,256	4,908	-	-	1,792	(41,186)	(13,922)
(Unaudited)								
Profit for the period	-	-	-	-	-	-	9,574	9,574
Total recognised income/ (expense) for the year	-	-	-	-	-	-	9,574	9,574
Equity component of convertible loan notes	-	-	-	214	-	-	-	214
Issue of new shares	112	1,003	-	-	-	-	-	1,115
Cost of issue of new shares	-	(93)	-	-	-	-	-	(93)
Employee share based compensation	-	-	-	-	-	41	-	41
Balance at 31 December 2009	420	21,166	4,908	214	-	1,833	(31,612)	(3,071)

CONSOLIDATED BALANCE SHEET

At 31 December 2009

	Note	2009 £'000 Unaudited	2008 £'000 Audited
ASSETS			
Non current			
Property, plant & equipment		34	46
Current			
Trade & other receivables		226	418
Cash & cash equivalents		1,428	515
		1,654	933
Assets for disposal classified as held for sale		-	7,028
Total Assets		1,688	8,007
LIABILITIES			
Current			
Trade & other payables		(2,764)	(4,280)
Borrowings	5	-	(2,162)
		(2,764)	(6,442)
Non current			
Borrowings	5	(1,995)	(1,436)
Liabilities for disposal classified as held for sale		-	(14,051)
Total liabilities		(4,759)	(21,929)
Net liabilities		(3,071)	(13,922)
EQUITY			
Share capital		420	308
Share premium		21,166	20,256
Other reserves		4,908	4,908
Convertible loan note reserve		214	-
Share based payment reserve		1,833	1,792
Retained loss		(31,612)	(41,186)
Total deficit		(3,071)	(13,922)

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 £'000 Unaudited	2008 £'000 Audited
Cash flows from operating activities			
Profit/(loss) after taxation		9,574	(16,388)
Finance income		(4)	(46)
Finance costs		421	534
Adjustment for foreign exchange		-	380
Share-based payment charge		41	492
Depreciation of plant & equipment		26	44
Change in trade & other receivables		100	412
Change in trade & other payables		(1,657)	2,331
Taxation income		(324)	(763)
Cash generated/(utilised) from operations		8,177	(13,004)
Interest paid		(179)	(508)
Income taxes received		324	1,084
Cash flow from operating activities (discontinued operations)		276	2,053
Net cash inflow/(outflow) from operating activities		8,598	(10,375)
Cash flows from investing activities			
Disposal of discontinued operations and repayment of associated indebtedness		(474)	-
Purchases of property, plant & equipment		(14)	(3)
Interest received		4	46
Net cash inflow/(outflow) from investing activities		(484)	43
Cash flows from financing activities			
Proceeds from issue of shares		1,115	420
Share issue costs		(93)	(239)
Repayment of borrowings		(2,848)	(1,980)
Proceeds from receipt of borrowings		1,450	1,000
Cash used in financing activities (discontinued operations)		(6,825)	9,051
Net cash inflow/(outflow) from financing activities		(7,201)	8,252
Net increase/(decrease) in cash & cash equivalents		913	(2,080)
Cash & cash equivalents at beginning of period		515	2,595
Cash & cash equivalents at end of period		1,428	515

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1. Presentation of financial statements

The financial information set out in this unaudited preliminary statement does not comprise the Company's statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts of the Company for the year ended 31 December 2009, currently unaudited and to be published, will be finalised on the basis of the financial information presented by the Directors in this unaudited preliminary statement and will be delivered to the Registrar of Companies, in due course and will also be sent to shareholders.

Whilst the financial information included in this unaudited preliminary announcement has been computed in accordance with EU endorsed International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

The financial information set out on this unaudited preliminary statement includes comparative figures that have been prepared on the same basis. The predecessor auditors have reported on the financial statements for the year ended 31 December 2008 which were prepared under IFRSs. Their report was unqualified and did not contain any statements under section 237(2) or (3) Companies Act 1985.

This preliminary statement was approved by the board on 8th March 2010.

2. Accounting Policies

Basis of preparation

The Company's financial statements are prepared using the required measurement bases specified under International Financial Reporting Standards (IFRS) and in accordance with applicable IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board. The preliminary statement has been prepared on a basis consistent with the financial statements.

The accounting estimates and assumptions are consistent with the Group's latest approved budget forecast where applicable. Judgments are based on the information available at each balance sheet date. All estimates are based on the best information available to management.

Going concern

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

As at 31 December 2009, the Group had net current liabilities of £1.1m.

The Directors have prepared detailed cash flow forecasts for the period to 30 June 2011, which show that the Group has adequate working capital for the forecast period. These cash flow projections assume that a number of as yet materially uncertain events occur including that the Group receives royalty and / or milestone income in relation to PSD502 within the expected timeframes, which is dependent on the success of Shionogi in obtaining regulatory approval for this product; that it continues, within the expected timeframes and in the expected amounts, to receive the reimbursement of costs from Shionogi relating to the development of PSD502; that The Urology Company achieves sales and earns margin broadly in line with budget; and that certain of the planned capital management and financing activities are completed.

Consequently, the Directors have concluded that it is appropriate to prepare the Group's financial statements on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. Nevertheless, there is material uncertainty in relation to the events set out above, which may cast significant doubt on the Group's ability to continue as a going concern. In the event that some combination of the above events fails to occur as expected, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Significant accounting estimates and judgments

Certain estimates and judgments need to be made by the directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgments are required for example, as at the reporting date, not all liabilities have been settled and certain assets/ liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

The major areas for judgments within the financial statements are as follows:

- preparing the financial statements on a going concern basis;
- revenue recognition;
- the treatment of development costs; and
- the recognition of a tax receivable for R&D tax refunds.

The reasons that the directors believe it is appropriate to prepare the financial statements on a going concern basis are detailed above.

The Group earns revenue from licensing transactions and from the re-imbursement of R&D expenses incurred in relation to out-licensed or co-development projects. Licensing revenues are recorded on the date of the licensing agreement to the extent that all obligations are fulfilled on that date. Re-imbursement revenue is recognised only when the directors consider that it is probable that the economic benefit will flow to the entity to reflect the uncertainties in the timing and collection of amounts.

The research and development costs of the Group are incurred for the development and sale of drugs and medical devices for the diagnosis, treatment and management of urological disorders. At the time the costs are incurred, the directors have concluded that there is insufficient evidence to support the capitalisation of these costs. It is unclear whether the products will achieve medical and safety approval and yield income in excess of costs incurred to date. As such, the costs are not capitalised.

Within the United Kingdom, a tax credit is claimed for research and development costs incurred in the year. The Group financial statements do not include a receivable for these research tax credit until the claim has been agreed with the local tax authorities.

There are no major areas of estimation.

3. Segmental Reporting

The Group's revenue and profit from continuing operations were all derived from the principal activity of development and sale of products for the diagnosis, treatment and management of urological disorders. This activity was undertaken solely within the United Kingdom. All of the Group's revenue has been derived from external customers.

4. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the profit on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the year. The earnings and weighted average number of shares used in the calculations are set out below.

	2009	2009	2008	2008
	Profit	Earnings per	Loss	Loss per
	£'000	share (p)	£'000	share (p)
Basic earnings/(loss) per share				
Continuing operations	9,409	29.8p	(13,306)	(47.2)p
Discontinued operations	165	0.5p	(3,082)	(10.9)p
Total operations	9,574	30.3p	(16,388)	(58.1)p
Diluted earnings/(loss) per share				
Continuing operations	9,550	19.4p	(13,306)	(47.2)p
Discontinued operations	165	0.3p	(3,082)	(10.9)p
Total operations	9,715	19.7p	(16,388)	(58.1)p

Basic earnings per share are calculated based on a weighted average number of shares in issue of 31,548,951 (2008: 28,198,569). Diluted earnings per share takes into account the dilutive effect of share options to the extent they are in the money and convertible loan notes. Diluted earnings per share are calculated based on 49,148,951 shares. The dilutive effect on the loss per share in 2008 is not shown as the effect of loss per share due to share options and convertible loans is anti-dilutive on the loss.

5. Borrowings

	2009	2008
	£'000	£'000
Current borrowings		
ETV Capital S.A.	-	1,412
Merlin Biosciences	-	750
	-	2,162
Non current borrowings		
Convertible loan notes due 2012	1,995	-
ETV Capital S.A.	-	1,436
	1,995	1,436
Total Borrowings	1,995	3,598

The future contractual payments are as follows

	2009	2008
	£'000	£'000
In one year or less or on demand		
ETV Capital S.A.	-	1,412
Merlin Biosciences	-	750
In more than two years		
ETV Capital S.A.	-	1,436
In more than two years but not more than three years		
Convertible loan notes due 2012	2,200	-
	2,200	3,598

(i) ETV Capital S.A.

In May 2007 the Group entered into a loan with ETV Capital S.A. for £4.0 million. The loan was

originally repayable in 33 equal instalments, had a maturity of September 2010 and contained provision to be convertible into ordinary shares. Interest was charged at 13.51%. On 6 August 2009 in accordance with the terms of the loan agreement the Group repaid the remaining balance outstanding on the loan.

(ii) Merlin Biosciences

On 26 September 2008, Merlin Biosciences Fund III LP and Merlin Biosciences Fund III (2007) LP (together "Merlin Biosciences Fund III") entered into a two year convertible loan note for £750,000, maturing on 26 September 2010 and bearing a coupon of 13.5% per annum, with the interest being repaid at maturity. The loan note was convertible at the holders option into ordinary shares at a price of 36p per share. In consideration for Merlin subscribing for the loan notes and for providing a guarantee to ETV Capital S.A., Merlin was granted with warrants to acquire up to 520,833 new ordinary shares in the Company at an exercise price of 36p per share.

The terms of this loan were amended on 7 December 2009 as described in (v) below.

(iii) Paul Capital Healthcare (included within discontinued operations)

The Group entered into a Revenue Finance Agreement (the "RFA") on 27 March 2008 with Paul Capital Healthcare ("Paul Capital"). The Group received \$15 million on signature. In return, Paul Capital received an interest in the revenues generated from Plethora's male-health portfolio, primarily on revenues derived from sales of ErecAid®, PSD502 and PSD510. The revenue interest was calculated on a decreasing percentage of revenues over time. The agreement was to expire in 2018. Plethora had the right to terminate the agreement at any time before then by making a final payment to Paul Capital which was the greater of either (a) 250% of the payments funded by Paul Capital, or (b) an amount that would generate an IRR of 25% on the amounts funded by Paul Capital. This final payment would be reduced by amounts already paid to Paul Capital. The loan was secured against the assets of the male-health portfolio.

The proceeds received from Paul Capital met the definition of financial liabilities under IAS39 and accordingly were treated as financial liabilities. Revenue interest paid to Paul Capital was treated as a repayment of the liability and notional interest was charged on the liability using the effective interest rate at inception of 26.9%. Any change in the estimated future payments to Paul Capital was recognised as income or expense in the income statement.

On 26 September 2008 the Group entered into an amendment to the RFA and Paul Capital advanced a further \$750,000 on the same terms as the previous amounts.

Under an agreement dated 22 May 2009, the Group entered a Compromise Agreement with Paul Capital for the termination of the RFA. Under the Compromise Agreement, the Group sold its subsidiary Timm Medical Technologies, Inc. ("Timm") to Paul Capital. Under the RFA Timm is the borrower and due to the classification of Timm as an asset held for resale, the RFA does not appear as a borrowing of the Group at 31 December 2008. Instead the liability to Paul Capital, which was recorded as \$15.75 million, together with accrued interest, at 31 December 2008 is included in the Liabilities Held For Resale.

(iv) Convertible loan notes due 2011

On 16 February 2009, following shareholder approval, the Group issued £1 million loan notes to certain institutional investors. The loan notes originally bore interest at the rate of 4% per annum, and the payment of the interest accrued is at final maturity of the loan. These loan notes were to be repayable in full on the second anniversary of issue, being 15 February 2011. The loan note holders were able to convert the notes at any point prior to maturity at a conversion price of 25p per share. In consideration for the note holders subscribing for the loan notes they were granted with warrants to acquire up to 1,333,332 new ordinary shares in the Company at an exercise price

of 33p per share.

The terms of this loan were amended on 7 December 2009 as described in (v) below.

(v) Convertible loan notes due 2012

On 7 December 2009, as part of a placing to raise £1.56 million, the Company issued £450,000 new convertible loan notes. On the same day shareholders approved the waiver of pre-emption rights in relation to the issuance of up to £1 million of convertible loan notes. Consequently, £550,000 of convertible loan notes remain approved but unissued.

The principal terms of the convertible loan notes include: maturity 31 December 2012; coupon 13% per annum, accrued until maturity; convertible into ordinary shares at 12.5p per share; secured by first charge over the Company's assets; repayable by the Company at any point post issuance; convertible by the holder at any point post issuance; convertible by the Company after 31 December 2010 provided the Company's share price is 25% greater than the conversion price for the preceding 60 days prior to conversion.

As part of the negotiation of the placing, it was agreed with Excalibur Fund Managers (formerly Merlin Biosciences), which holds the £750,000 convertible issued in September 2008, and the holders of the £1,000,000 convertible loan notes issued in February 2009 to amend the terms of their loan notes. The amendment brought the economic terms and the eventual maturity of their loan notes on to the same terms as the new loan notes, save only that their security would rank behind the new loan notes.

As a result the Company now has effectively a single class of £2,200,000 convertible loan notes in issue comprising two tranches as relates to their security interests.

Under IFRS a proportion of the convertible loan note is regarded as equity and is recorded in the convertible loan note reserve. In addition an amount was recognised as notional interest in respect of the loan as a loss on the restructuring of the convertible loan notes due 2011 which were amended and are now recorded in this instrument.

The following non-IFRS disclosure shows the effect of the accounting treatment.

Convertible loan notes due 2012	2009	2008
	£'000	£'000
Amount recorded in liabilities	1,995	-
Amount recorded in equity	214	-
	2,209	-
Add: loan arrangement fees set against liability	92	-
Less: notional interest and deemed loss on extinguishment	(101)	-
Principal amount of loan notes	2,200	-