

BUY, Price Target 28.2 p

1 April 2011

Key Statistics

Code : PLE
Listing : AIM
Sector : Life Sciences
Market Cap : £5.2m
Share in issue : 65.73m
Current Price : 7.97p
2010-11 High/Low : 14.9p/7.25p

Stock Performance



Financials

£ '000	FY 09A	FY 10E	FY 11E	FY 12E
Revenues	17,742	1,197	900	2,895
EBT	9,085	(1,470)	(1,727)	17

Source: Annual reports, Plethora Solutions PLC and Hybridan LLP

Company description

Plethora Solutions Holdings PLC is an AIM-listed speciality pharmaceuticals company. The Company comprises its newly created sales and distribution arm, The Urology Company, for the marketing of in-licensed and proprietary products primarily into the UK. Plethora also has a substantial development pipeline featuring four late stage treatments. Its lead product, PSD502 for premature ejaculation, has been successfully out-licensed to a Japanese global pharmaceutical company.

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On its way to profits

Plethora Solutions' newly established marketing and sales arm, The Urology Company, has delivered a steady stream of product launches over the past 15 months into the UK and has now made its initial move into the European market.

The Company's late stage pipeline features PSD502 for premature ejaculation, showing impressive efficacy and safety data in large phase III pivotal trials. PSD502 awaits regulatory approval by its global pharmaceutical partner while three further development projects provide further licensing opportunities.

▪ **We initiate coverage of Plethora Solutions with a BUY rating**

Plethora Solutions' management has transformed the Company over the past two years with the establishment of a sales and marketing arm, The Urology Company, for the distribution of urology, sexual health and gynaecological treatments into the UK. The Company secured its first product, Striant SR, for testosterone replacement at the end of 2009 and recently announced newly secured distribution rights for Striant into Europe. Since 2009 the Company has also launched an additional 10 of its own and in-licensed products onto the UK market. We forecast The Urology Company to approach profitability by the end of 2011. We also anticipate positive news flow on ongoing announcements of newly in-licensed products, to be sold on the back of its existing infrastructure.

▪ **PSD502 for premature ejaculation NPV of 21.9p per share**

Plethora's lead development project PSD502, is a highly effective treatment for premature ejaculation with a strong safety profile. PSD 502 has successfully completed phase III trials and awaits regulatory approval in the US and Europe. PSD502 has been out-licensed to the global Japanese pharmaceutical company Shionogi and Plethora retains a share of milestones and royalty on end market sales in all territories globally outside of the US and Japan. We forecast meaningful revenue from PSD502 beginning in 2012 and forecast peak sales of £200m in these territories, assuming just 5% penetration of those suffering severely from the condition. We calculate an NPV of £14.4m or 21.9p per share, which in itself is significantly above the current market valuation of Plethora.

▪ **Development projects provide share price upside, beyond our Price Target**

We highlight three further projects in development, PSD503 for stress urinary incontinence (SUI), PSD510 for erectile dysfunction (ED) and PSD506 for overactive bladder (OAB). Each of these treatments has shown favorable phase II results. News of a licensing partner for one of these projects would likely create a strong upward pressure on the share price with a calculated NPV of 6.2p, 1.1p and 5.0p per share for 506, 510 and 503 respectively. We do not include these three treatments in our share price target due to the uncertainties on the timing of potential licensing deals, however note that PSD503 is under option and evaluation to a major unnamed global pharmaceutical company.

▪ **Plethora's fair value is 28.2 p based on a sum of the parts**

We have conservatively included only tangible and visible sources of profits when calculating a fair value for Plethora. Our price target is based on the sum of the valuation of its commercial arm, The Urology Company, and its lead treatment, PSD502 for premature ejaculation subtracting corporate costs. We believe our approach is conservative in that it does not factor in the high likelihood that Plethora management will continue to license in additional products by The Urology Company. Additionally, we have chosen not to include development projects in our valuation outside of PSD502.

▪ **Fund raising provides for working capital needs**

In April 2011 Plethora raised new funds totaling £1.255m (£855k of which was via a share offering and £400k through a loan facility) serving to shore up the Company's balance sheet and enable ongoing investment and the funding of working capital needs.

Table of Contents

Table of Contents.....	1
1. Company Overview.....	2
1.1 Company Description.....	2
1.2 Historical Milestones.....	3
1.3 Strategy and Targeted Market.....	4
1.4 Executive Biographies	6
1.5 Notable Shareholders.....	7
2. Divisional Overview.....	8
2.1 The Urology Company – Sales and Marketing.....	8
2.2 Development Projects.....	13
3. Valuation.....	18
4. Investment Risk.....	21
5. Financial Statements.....	22
6. Glossary.....	25

1.0 Company Overview

1.1 Company Description

*Specialist in urology
and sexual health,
builds UK
distribution to
augment its late
stage pipeline*

Plethora is a UK based company founded in 2004 and specialising in urology, gynaecology and sexual health. The Company listed on the AIM market in March of 2005.

The Company has a specialist pharmaceutical business for the sale of its in-licensed and proprietary products including prescription only medicines (POMS), special formulation prescription products (Specials), and OTC products including supplements. The Company also holds the rights to a number of late stage development projects for which it is seeking partnerships. Plethora's lead prescription compound, PSD502 for premature ejaculation, awaits filing with the regulatory authorities by its licensing partner, the Japanese Pharmaceuticals company Shionogi, from which Plethora is entitled to royalties and milestones outside the US and Japan. We believe PSD502 has the potential for global sales exceeding \$500m p.a.

Plethora went through a significant transformation at the end of 2009 when its sales and marketing business, The Urology Company, was created for the sale of urology products via the Company's own distribution primarily into the UK market. The Urology Company has its own small but growing sales force for distribution into the prescription pharmacy market, and sells directly to consumers via its own website.

At the end of 2009 the Company secured its first product, Striant SR, for testosterone replacement in the UK. Since that time the Company has secured and launched an additional 10 products onto the UK market while in March of this year they announced the in-licensing from Columbia Laboratories, Inc. of rights to Striant SR in Europe, marking its first distribution outside the UK. Plethora has also reduced operating overheads dramatically helped along by the drop in R&D spend following the completion of clinical trials for in-house research projects. This business transformation has led to a significant de-risking of the business model effectively eliminating the risks and expense attached to the development of therapeutic drug compounds.

Plethora's share price has suffered from investor frustration with the slow pace of the commercialisation of its development projects, particularly in regards to the protracted time to market for PSD502. This has brought the market value of the Company down to a level which, according to our models, nearly entirely discounts the value of late stage prescription pharmaceuticals available for out licensing including the potentially highly lucrative PSD502.

We expect positive news flow in the coming months as first meaningful sales of The Urology Company products begin feeding through and also anticipate announcements of newly licensed products. We are also hopeful of news related to the filing of PSD502, both in the US and Europe, within the year.

The Company has successfully raised funds totalling £1.255m (£855k of which was via a share offering and £400k through a loan facility) in April 2011 thereby securing sufficient financing to fund working capital needs. The proceeds will be used primarily for new product launches and for sales and marketing efforts across the product portfolio.

In March 2011 it was announced that Steven Powell would be taking a leave of absence as a result of a serious medical condition. The current CFO, Ronald Openshaw, will assume the role of acting CEO in the interim supported by the management team (see Executive Biography section).

1.2 Historical Milestones

Historical Milestones	
Year	Event
2005	17 March - Plethora admitted onto AIM for trading commencing 24 March
	18 April - PSD506 in-licensed from Roche for overactive bladder
	26 September - Plethora acquires PSD597 for IC from Queens University, Ontario
	16 December - positive phase II study PSD502 (PE)
2006	13 January - proposed acquisition of Timm medical Technologies, Inc
	25 September 2006 - 510 (k) marketing approval Sam (PSD401) device
2007	22 February - IND filed with FDA for PSD502
	26 February - FDA discussions on Invicorp (ED) clear way for phase III trials
	25 May - license agreement with Sciele for US marketing rights PSD502 (PE) including Sciele \$7m equity purchase
	6 September - positive phase II results PSD597 (IC)
	29 November - positive phase II PSD503 (SUI)
	19 December - phase III initiated in europe PSD502 (PE)
2008	5 February - positive results incontinence study PSD506 (OAB)
	1 April - Plethora signed £25m financing agreement with Paul Capital Healthcare
	7 November - positive outcome p III clinical trial EU PSD502
	8 December - Raised £420, 215 via a placing of 2,801,436 shares 15p per shares
2009	22 January - Raised £1m via Convertible Loan Notes and Associated Warrants
	16 February - loan agreement with Sciele for £1.65m for advancement of PSD502
	1 April - amended license agreement PSD502 whereby Sciele acquires full US rights for \$13.7m
	26 May - Sciele (now Shionogi) acquires worldwide rights PSD502 including up front payments of \$8.4m
	26 May - Divestment of Timm Medical Technologies
	26 May - Elimination of indebtedness to Paul Capital Healthcare
	16 July - PSD503 Plethora enters Evaluation and Option Agreement with international pharmaceutical company to exclusively license PDS503 (SUI)
	29 July - PSD502 positive outcome for 2nd pivotal phase III trial US/Canada/Europe
	30 Sept - PSD506 (SUI/BPH) - supportive positive clinical data
	18 Nov - Raised £1.12m placing 11,500,000 shares of 1p each at 10p per share
	18 Nov - Raised £450k by Convertible Loan Notes (conversion 12.5p)
	23 Nov - Striant SR (testosterone replacement) in-licensed from Columbia Laboratories for UK distribution
	30 Nov - Dianatal in-licensed from Happy Child Birth Holding AG for UK distribution
2010	12 April - Hyalofemme in-licensed from Fida Farmaceutici SpA for UK distribution
	5 May - Raised £295k via ord. Shares at 1p each, 12.p per share, raised £255k Convertible Loan notes (conversion 12.5p)
	17 May - prescription treatments for OAB and nocturnal enuresis in-licensed (OLS-1 and OLS-2)
	30 June - enters into £1m term loan with Capital For Enterprise Fund A LP
	17 Nov - launch of Striant SR and 2 supplements onto UK market
	20 Dec - Urolieve and Virgafem launched onto the UK market as Specials
	3 Dec - Raised £850,000 via placing of shares at 8.5p per share
	March - Acquired European rights for Striant SR distribution
2011	April - Raised £1.255m (£855k via a share offering and £400k via a loan facility)

1.3 Strategy and Targeted Market

Strategy

Plethora canvases specific treatment categories targeting a clearly defined set of specialised physicians

Plethora has a clearly defined target market and focused distribution strategy. The therapeutic focus is limited to urology, gynaecology and sexual health. Products are being sold primarily into the UK market while the Company has made its first foray into the EU market with the recent in-licensing of Striant SR for distribution into the EU.

Management continue to acquire products for The Urology Company in a wide range of conditions, ideally securing the rights to niche products with a small but established source of revenue where there is potential for organic growth. The main revenue source for The Urology Company in the UK is expected to be through the National Health Service, until the expansion to the EU.

Products are sold primarily through Urology clinics, but also, in the case of non-prescription sales, through retail chains, Amazon and its own website. The urology market in the UK is highly centralised, with approximately 800 practising urologists, and Plethora management estimate that a sales force of up to 10 people would be adequate for coverage. The Company currently employ four sales people detailing The Urology Company products, including the newly recruited VP of Commercial Operations (see key management profiles). We expect additional hiring in due course to fall in line with the augmentation of the product portfolio.

The Urology Company has been built up for the sales and marketing of products in the UK retail market and to urology clinics. The refocus has meant a considerable reduction and streamlining of costs. As such, we expect The Urology Company on its own to approach profitability by the end of 2011, with meaningful group income in 2012 boosted by royalties on the premature ejaculation treatment PSD502. In the meantime the balance sheet has been streamlined, with group debt being reduced by over 90% over the past two years.

News flow

We anticipate share price support through regular company updates

Plethora's management have demonstrated the ability to rapidly in-license urology and other products for sale into the UK market, and we expect this trend to continue. Additional products will serve to piggy back off the existing infrastructure at little or no extra cost. We understand that in-licensing deals to date have not incurred upfront expenses with costs related to these deals limited primarily to the purchase of inventory.

In this report we highlight four licensing projects for Plethora primarily developed through its existing R&D pipeline. Of these we believe PSD502 is the most exciting, having completed clinical work and now perched for filing. While PSD502 is the development project with the highest revenue potential, we also see value in each of the remaining projects. News flow related to the ongoing development and out-licensing of these treatments would provide support to Plethora's share price.

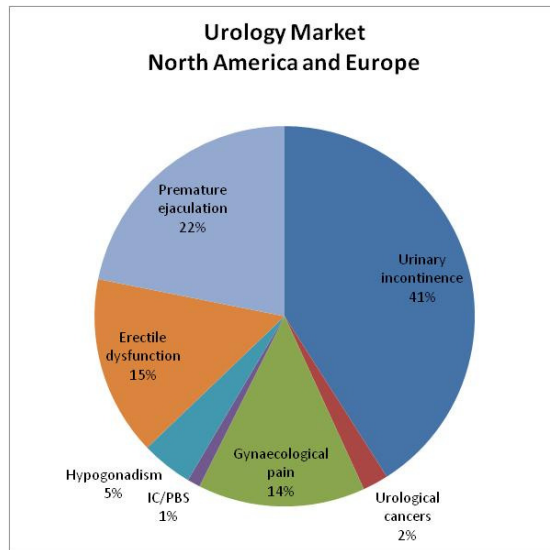
Newsflow 2011	
H1 2011	March - audited FY '10 results 2 potential product launches: BPH and PE (Tempe)
Q3 2011	Interim Trading update September interim results PSD502 Shionogi filing and deal update
FY2011	PSD503 deal update addnl' product in-licensing The Urology Company

Source: Plethora Solutions Holdings plc

The Market

Urology market offers opportunity with both an undertreated and ageing population

Treatments for urological, gynaecological and sexual disorders hold significant potential. The total market for Urology products in the Western world is sizable, approaching 200 million people. The urology market is predicted to grow steadily together with an ageing population, and patients increasingly expecting a better quality of life in later years. Most products in the fields of urology, gynaecology and sexual disorders treat long term, chronic and non life threatening disorders. In the UK alone, more than £300m was spent on urology prescription drugs in 2009 by the NHS.



Source: Plethora Solutions Holdings plc

1.4 Executive Biographies

The board and management team of Plethora consist of professionals who have significant experience in medicine, technology, and pharmaceutical commercialisation.

Management Personnel	
Mr Bill Robinson	Non-Executive Chairman
Mr Ronald Openshaw	Acting CEO
Dr Michael Wyllie	Chief Scientific Officer
Mr Billy Hargan	VP Commercial Operations
Dr Steven Powell	Director (former CEO)
Mr Richard Horsman	Non-Executive Director

Source: Plethora Solutions Holdings plc

Mr. Bill Robinson Non-Executive Chairman

Bill Robinson joined the Plethora Board in March 2007. He has recently retired from the post of Executive President of Global Operations (COO) for UCB, a leading global pharmaceutical company, where he was responsible for all of UCB's global commercial and medical affairs. Before joining UCB in 2005, Bill spent 28 years with Eli Lilly in a variety of senior executive roles including VP Sales and Marketing based in Indianapolis where he led the US sales and marketing activities. Previously he held regional management roles in Europe, Asia Pacific and Middle East. Prior to joining Eli Lilly he worked for Burroughs Wellcome and Servier, both based in the UK. Bill Robinson is Chair of the Audit Committee.

Mr. Ronald Openshaw Acting Chief Executive Officer

Ronald Openshaw has worked in the life science and healthcare sectors both in executive management and in an advisory role. He is the founder of the M&A and strategic consulting firm Lucia Capital LLP and previously he was an investment banker at Panmure Gordon & Co. Limited (latterly WestLB Panmure Limited) and then, most recently, Jeffries International Limited. He also served as CFO and acting CEO at Pharmagene plc until its merger with Asterand plc in 2006. Ronald has advised the Board acting as Interim CFO at Plethora since February 2009 and became a director in May 2009 and acting CEO in March 2011. Ronald Openshaw is Chair of the Nomination Committee.

Dr. Michael Wyllie Chief Scientific Officer

Mike Wyllie is a co-founder of Plethora. He has over 25 years of experience in senior management level positions with the pharmaceutical industry with American Home Products and Pfizer. He has considerable hands-on experience in all aspects of the drug discovery and development process and has been involved with new project inception, drug discovery and safety testing, early and late stage clinical development, regulatory filing and the successful commercialisation of products including Cardura (doxasin) 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 over 80 patents.

Mr. Billy Hargan
VP Commercial Operations

Billy Hargan leads the sales and marketing effort of the Urology Company. Billy brings a depth of directly relevant commercial experience in the sales and marketing of pharmaceuticals in a specialist environment. Prior to joining Plethora he was General Manager UK at Specialty European Pharma Limited, a business with a focus in urology and uro-oncology. Prior to that Billy was Commercial Operations Director at Hospira Healthcare BV, a speciality pharmaceutical spin-off from Abbott Laboratories. He also held senior roles with Abbott Laboratories, Knoll AG, Boots Pharmaceuticals and Gist-Brocades.

Dr. Steven Powell
Director (former CEO)

Steven Powell joined Plethora as CEO in 2004. Prior to this he was a director at Glide Healthcare Fund, a pan-European venture capital fund focused on investments in early-stage companies. In addition to his private equity experience, Steven has 20 years of experience in the pharmaceutical and life science sector, latterly as CEO of UK quoted biopharmaceutical company KS Biomedix plc until its acquisition by Xenova Group plc. He has worked in the pharmaceutical and life sciences industries in research and development, commercial and general management roles, initially for Beecham Pharmaceuticals (GSK) and subsequently with Whatman, Chiroscience, Celsis and Active Biotech. Steven has also helped to establish and finance a number of small life science businesses in a non-executive role.

Mr. Richard Horsman
Non-Executive Director

Richard Horsman was previously CEO of Cybit Holdings plc. During his tenure at Cybit he grew the Company from inception to revenues of £25m and took the company through multiple acquisitions. In January Cybit was acquired in a deal with a US based private equity firm which returned £24m to shareholders at over a 100% premium to the prevailing market price. Prior to this Richard held a number of senior roles in the IT industry including Global Telematics PLC and the Baan Company. Richard will assume the roles of senior independent non-executive director and chairman of the remuneration committee.

1.5 Notable Shareholdings

Plethora's shareholders are a mix of institutional investors and holdings by key management personal and non-executive directors. As of 21 February 2011 the Company had 54,325,800 shares in issue.

Plethora Solutions PLC Shareholder Structure as at 21 February 2011		
Name	No. of Shares	% Holding
MERLIN BIOSCIENCES LIMITED	9,560,940	17.6
COLLINS STEWART WEALTH MANAGEMENT	6,910,192	12.72
XCAP SECURITIES LIMITED	5,422,206	9.98
ISPARTNERS INVESTMENT SOLUTIONS AG	4,936,298	9.09
JM FINN & CO	3,745,000	6.89
INDIVIDUALS & PRIVATE CLIENTS UK	2,627,188	4.84
HALIFAX SHARE DEALING	1,886,852	3.47
SICIELE PHARMA CAYMAN LIMITED	1,772,505	3.26

Source: Argus Vickers, 21 February 2011

2.0 Divisional Overview –products and pipeline

2.1 The Urology Company – Sales and Marketing

Currently Marketed

*Fast paced
launching schedule*

Plethora is currently marketing 11 products in the UK through its own sales force and via its website. These comprise two consumer products, four supplements and five prescriptions. We detail these products below together with their expected revenue potential.

Prescription and Specials				<i>launched</i>
OLS-1	POM	overactive bladder		Q3 2010
Uropressin	POM	nocturnal enuresis		Q3 2010
Striant SR	Special	hypogonadism (testost. replacement)		Nov-10
Urolieve	PSD597	Special	bladder pain (interstitial cystitis)	Dec-10
Virgafem	PSD503	Special	stress urinary incontinence	Dec-10
Consumer Products				
Dianatal	OTC	CE obstetric gel		May-10
Hyalofemme	OTC	CE vaginal dryness (Atrophic vaginitis)		start '11
Supplements				
hi-Cran	OTC	supplement - Female UTI		Jun-10
hi-Argenol	OTC	supplement - Male health		Jul-10
UroVital	OTC	prostate and urinary tract?		Nov-10
Complex	OTC	prostate and urinary tract?		Nov-10
UroMaxi Flow	OTC	prostate and urinary tract?		Nov-10

* POM= prescription only medicine

Source: Plethora Solutions Holdings plc

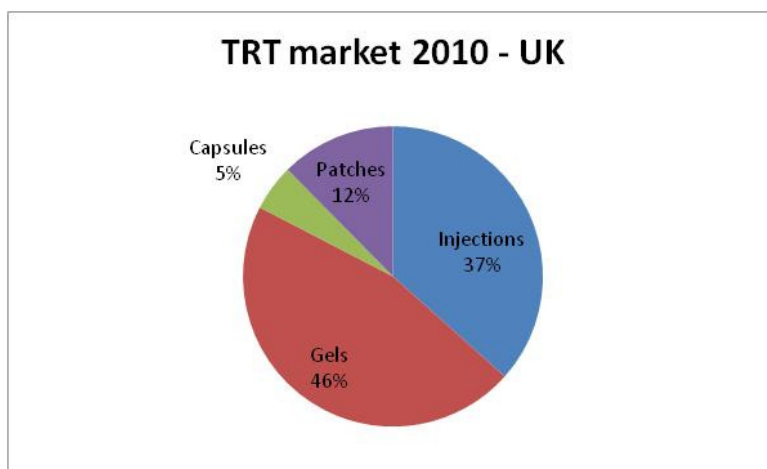
Prescription Products

Striant SR – testosterone replacement tablet

*Plethora has
secured the rights
to Striant SR in
Europe*

Striant SR is indicated for testosterone replacement in men with low testosterone levels (hypogonadism) and launched in November of 2010 in the UK. In March of this year the rights to European distribution were acquired. We expect Striant SR to be at the forefront of The Urology Company product portfolio due to its novel delivery method and its launch into an end user market which is underserved, growing and in need of alternative treatment modalities.

Since 2005 the overall market for TRT products has grown substantially. According to recent IMS market data, sales of testosterone replacement in the UK were just over £13m p.a. in 2010 with a CAGR of 15% from 2006, with injections accounting for about 1/3 of total sales. Per capita usage of testosterone replacement therapies remains low in the UK, at under half of that in Germany. By comparison the US market alone accounts for about 95% of total combined US and European prescriptions.



Source: Plethora Solutions Holdings plc

Striant SR was in-licensed by Plethora from Columbia Laboratories, Inc. initially for sales into the UK, and more recently for distribution throughout Europe. It is a mucoadhesive buccal tablet which adheres to the gum as a slow release tablet and stays in place over twice daily, 12 hour doses. Striant offers a slow release delivery for men suffering from the countless list of symptoms resulting from low testosterone levels. These include loss of libido, erectile dysfunction, mood changes, fatigue, reduction in muscle mass, changes to the skin and hair and sleep disturbances. Low testosterone levels are also associated with increased body mass index and waist circumference. Low testosterone levels also are more common in men with type 2 diabetes and linked to poor blood sugar control, increased risk of cardiovascular complications and insulin resistance.

There are currently a number of testosterone replacement administration methods available in the UK each offering advantages and disadvantages in terms of safety, convenience, efficacy and the ability to mimic physiologic effects. Treatments include intramuscular injectables, which have been used for years due to their effectiveness and low cost. While injection site reaction has been an issue with many users, compliance remains high at c. 70% in year 1. Testosterone gels offer an alternative to injections and are well tolerated. However drawbacks include residual testosterone left on the skin and drying time post application (up to half an hour) while patients have also complained of unpleasant odour associated with the gels. Compliance rates are therefore significantly lower than for injections at only c. 30% in year 1.

Striant was first approved in the UK in 2005 and marketed by Ardana. As compared with currently marketed TRT gels Striant shows significantly lower intra and inter patient testosterone level variability. Striant also has advantages in terms of easier application, reduced mess and odour and reduced risk of partner transfer associated with gels.

Striant had sales in excess of £100,000 p.a. by 2009 in the UK at which time Ardana went into administration. We expect reinforced marketing support by Plethora, together with the strong growth in the overall market for TRT therapies in recent years to bolster sales of this already established product. Additionally, Plethora has priced Striant competitively with the gels in the UK as compared with its earlier premium price as marketed by Ardana. We therefore believe sales of approximately £500,000 are attainable over five years in the UK through its own sales force. Sales of Striant in Europe will commence in late 2011 or early 2012 following marketing authorisation in the EU based on the EU's mutual recognition process (using the UK as a reference state). In Europe we expect sales of approximately £1,000,000 to be achievable by 2016, with sales ramping up as Plethora management secures distribution capabilities in the region.

Urolieve provides relief for a condition with little treatment options

Urolieve – Interstitial Cystitis

Urolieve, a treatment for interstitial cystitis, is a proprietary formulation of the anaesthetic lidocaine in the form of a bladder instillation. Also called a bladder wash or bath, the bladder is filled with a solution that is held for varying periods of time, averaging 10-15 minutes, before being emptied. Urolieve is instilled directly into the urethra via a catheter.

Interstitial cystitis (IC) is a debilitating urological disorder characterised by urinary frequency, urgency, and bladder pain without an identifiable cause. Interstitial cystitis results in recurring and often severe discomfort or pain, with symptoms variable from case to case and even in the same individual. People may experience mild discomfort, pressure, tenderness, or intense pain in the bladder and pelvic area. Women's symptoms often get worse during menstruation. IC varies to such a degree in symptoms and severity that researchers believe it to be not one, but several diseases.

Since the causes of IC are unknown, current treatments are aimed at relieving symptoms. Treatment options are limited and include diet, electrical nerve stimulation, physical therapy, surgery and instillations. Oral drugs to treat IC are mainly in the pain relief category. Bladder instillations for the treatment of IC that are currently being marketed include Rimso by Bioniche Pharma in the US (Rimso50) and Cystistat in select countries globally.

Clinical data has confirmed that Urolieve is effective, safe and fast-acting, and the product was launched by Plethora as a Special onto the UK market in late December 2010. Anecdotal evidence suggests that it is thought to be more effective than the existing bladder instillations.

We forecast sales of Urolieve to approach £500,000 by 2014 in the UK for this debilitating condition which is not adequately treated by existing medications.

Virgafem – Stress Urinary Incontinence

Virgafem 'tests the water' as a Special in the UK

Virgafem is an on demand topical treatment for women suffering from mild to moderate stress urinary incontinence (SUI). The treatment was launched in the UK as a Special in late December 2010. Virgafem is a gel formulation of the alpha-adrenergic agonist phenylephrine applied externally around the urethra for short term tightening of muscles.

SUI is the involuntary passing of urine that can occur during normal physical activity, such as coughing, sneezing, laughing or exercise. Current treatment options include pelvic-strengthening exercises and incontinence pads for mild cases, or for more severe cases injections or surgical procedures. In Europe, the anti-depressant duloxetine has been approved for mild to moderate SUI. Off-label usage for SUI includes muscarinic antagonists and oral alpha-adrenergic agonist drugs, each of which carries unwanted side effects. The local administration of Virgafem provides enhanced efficacy over existing commercial treatments for SUI, whilst avoiding known side-effects of the alpha adrenergic class, i.e. an increase in blood pressure if given orally.

The market for SUI is difficult to determine given that few women with urinary incontinence discuss the issues with their doctors. The moderate to severe category is thought to affect 1% of the female population, while estimates for the total population run much higher. Virgafem has been priced at \$60 monthly and we forecast modest sales initially as a Special on the UK market at just over £100k by 2014.

OLS-1 and OLS-2

In May of 2010 Plethora acquired the UK marketing and distribution rights to two additional prescription generics. OLS-1 is a treatment for overactive bladder/incontinence (the urgent need to urinate). OLS-2 is for the treatment of nocturnal enuresis.

Nocturnal enuresis, or bedwetting, affects 2% of young adults in the UK. The condition is socially disruptive, stressful and can result in feelings of low self esteem. Bedwetting is often caused by an overactive bladder, but it can also be the result of problems with the development of the bladder. A further possibility is that it may also be due to neurological disorder (disorders of the brain and nervous system). In 2010 the NHS spent an estimated £12m on drug formulations to treat this disorder. Overactive bladder, also known as urinary urge incontinence, is the sudden need to urinate caused by a sudden contraction of the muscle in the wall of the bladder and is also characterised by frequent urination.

Given the inherent difficulty in forecasting these more novel treatments we conservatively forecast sales to reach just £25k in the first full year of launch reaching sales of just over £200k p.a. by year five. OLS-1 and OLS-2 were launched by Plethora onto the UK market in the third quarter of 2010.

Consumer Products

Hyalofemme – vaginal dryness

Hyalofemme, a product for the treatment of vaginal dryness (atrophic vaginitis), was launched onto the UK market at the start of 2011 following the exclusive in-licensing from Fidia Farmaceutici SpA mid-2010. Hyalofemme is a proprietary gel formulation of hyaluronic acid, a naturally occurring polysaccharide with moisturising and lubricating properties.

The market for vaginal dryness treatments is sizeable. Vaginal dryness can affect any woman; however after menopause it is very common, affecting over half of postmenopausal women over the age of 50. Vaginal dryness can also be a problem for pre-menopausal women with low levels of oestrogen, such as breastfeeding mothers, those who have had a hysterectomy and those who have received chemotherapy. However it remains a silent problem which many feel reluctant to talk to their doctors or pharmacists about and only about one quarter of women actually seek treatment.

Hyalofemme is being marketed via retail pharmacies and directly to consumers. While the potential for the product is significant, in order to generate meaningful sales, Plethora will need to effectively communicate differentiation of the product from the many existing treatments for vaginal dryness. These include other gels, creams, and pessaries while in more extreme circumstances local oestrogen is used in the form of small tablets inserted into the vagina with an applicator. Plethora's management believe that Hyalofemme has real advantages over its competitors. Currently marketed lubricants have notable weaknesses. For instance, KY is a sexual lubricant only which dries relatively quickly, while Resplens has a tendency to turn an undesirable dark color following application and is not sperm friendly, which is an issue for women having difficulty conceiving. Additionally Hyalofemme has shown non-inferiority as compared with the leading oestrogen product, which is important as patients and physicians would prefer to avoid hormonal treatments, particularly in post menopausal women and oncology patients.

We remain watchful as to the sales development which we expect will depend to a large degree on the successful marketing of the treatment.



Dianatal is an innovative and effective product for women giving birth

Dianatal – obstetric gel

Plethora entered into a distribution agreement with the Happy Child Birth Holding AG for the obstetric gel, Dianatal, at the end of 2009 for exclusive sales and marketing into the UK. Dianatal is a gel formulated for the reduction of trauma in childbirth via vaginal delivery. The gel serves to reduce the vaginal friction forces while giving birth with the advantages of a reduction in second stage labour by up to 30% (mean reduction of 26 minutes) and a significant decrease in the incidence of tearing and episiotomy. The gel is highly bioadhesive and has a high water-binding capacity forming a lubricating film on the vaginal birth canal.

Dianatal was approved in Europe in 2007 and is currently available in Switzerland and Germany amongst other European countries. Dianatal will be sold in the UK directly to women and into the professional market for use during vaginal deliveries. As a consumer product Dianatal will not initially be covered through insurance but be an out of pocket expense for women giving birth and therefore targeted at those willing to pay the c.£100 price tag. Management, however, are working to gain adoption by the NHS and through OTC distribution. As a brand new treatment option for women giving birth we expect product positioning and the correct marketing of the gel to be critical in order to garner significant sales, however we see a genuine market need for Dianatal. The gel was launched in the UK in May 2010 and we forecast sales exceeding £300k by 2014.

Supplements

Over the course of 2010 Plethora in-licensed and launched four Supplements (OTC products) for marketing by the Company's sales force to retail chains and via Amazon and The Urology Company's web shop. The products are proprietary formulations of natural active ingredients with efficacy based on clinical findings.

Supplement	Launched	Active Ingredient	Use	Mechanism
hi-Cran	Jun-10	cranberry extract and anti-oxidant hibiscus extract	urinary tract health	prevents certain bacteria from attaching to cells that line the bladder
hi-Argenol	Jul-10	L-Arginine, Korean Ginseng, Pine bark Extract, Zinc and Selenium	male sexual health including erectile function and fertility	vasodilation
UroVital Complex	Nov-10	Pumpkin Seeds, Saw Palmetto, Beta-Sitosterol, Quercetin, Nettle, Green tea, Lycopene, Vitamins and Minerals	prostate health and urinary tract function	reduce irritative changes
UroMaxi Flow	Nov-10	Glutamine, Glycine, Alanine, Beta-sitosterol, Gamma-oryzanol, quercetin, nettles, vitamins and minerals	prostate health and urinary tract function	reduce obstructive and irritative changes

Without the benefit of hefty promotion to support their initial launches we remain conservative in our expectations, forecasting sales in aggregate for the four supplements of £263k by 2014.



2.2 Development Projects

Pipeline

PSD502 – Premature Ejaculation

PSD502 remains a key and highly valued asset with an estimated NPV (per share) significantly above the current share price

PSD502 is a highly effective and easy to use treatment for premature ejaculation, with a strong safety profile and few side effects. Plethora retains the right to milestones and royalty on end market sales of PSD502 in all territories globally outside of the US and Japan.

With few treatment options for this distressing condition, PSD502 is a key asset for Plethora. However, the filing process has been prolonged in the hands of its Japanese partner, Shionogi, and the market has grown impatient whilst waiting for news flow surrounding the launch schedule. There are only limited currently approved treatments for premature ejaculation (PE) in Europe, and no approved treatment in the US, thus the actual commercial market is yet to be carved out. We maintain that these concerns are more than fully reflected in the share price, which seems to exaggerate the risks and uncertainties.

PSD502 is a home grown aerosol formulation comprising two marketed anaesthetics, lidocaine and prilocaine, which deliver a spray penetrating the non-keratinised skin of the penis. The shaft of the penis, being keratinised skin, is not affected by the spray and normal penile sensation is preserved. PSD502 has the advantage of a dose-controlled delivery system and rapid onset of action, minimising the interference with spontaneity associated with other on-demand therapies while full sensation is maintained in the shaft of the penis.

Premature ejaculation (PE) is a disorder affecting up to 30% of men in Europe and the US. PE can be a distressing disorder causing frustration and the avoidance of intimacy. The exact aetiology of PE is unknown and is believed to include neurobiological and/or physiological components and/or penile hypersensitivity. Experts have debated over many years about the precise definition of premature ejaculation, until in 2008 the International Society for Sexual Medicine presented an evidence-based definition of PE as agreed upon by a consensus of the world's leading sexual health experts. The outcome is now considered to be the gold standard definition: "a male sexual dysfunction characterized by ejaculation which always or nearly always occurs prior to or within about one minute of vaginal penetrations; and inability to delay ejaculation on all or nearly all vaginal penetrations; and negative personal consequences, such as distress, bother, frustration and/or the avoidance of sexual intimacy".

PSD502 uses a hydrofluoroalkane propellant, which acts as a solvent. Deployment from the container vaporises the propellant and forces the concentrated anaesthetics into a slightly oily combination which enhances adherence to the penile surface and is easily washed off with water.

Filing in the EU and US is being undertaken by Plethora's partner, Shionogi, whereby Plethora continues to assist in the dossier preparation. Shionogi has in the meantime been active in the communication of the potential for PSD, with the company highlighting five clinical presentations at the American Urological Associations 2010 Meeting in May in San Francisco.

PSD502 Presentations American Urological Association 2010

June 1, 2010

Presentation Title

An integrated summary of the results of two pivotal phase III studies of PSD502 for premature ejaculation

Does time matter? Determination of the relationship between increasing ejaculatory latency in men with premature ejaculation and the domains of the index of premature ejaculation

PSD502: A second phase III, randomized, double-blind, placebo-controlled study in premature ejaculation patients in the US and Europe

PSD502 appears to be effective in both circumcised and un-circumcised men with premature ejaculation

Efficacy is maintained and may be enhanced using long-term (1yr) administration of PSD502 for premature ejaculation

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In May 2007, Plethora originally signed an exclusive license with Sciele Pharma, Inc. in the US for PSD502 in premature ejaculation. The deal included an equity investment of \$7m, regulatory and milestone payments estimated above \$30m and a royalty on sales. Sciele was to market to primary care physicians while Plethora retained the rights to urologists through its since-sold wholly owned subsidiary Timm Medical. In May 2009 Sciele was acquired by Shionogi, one of the largest Japanese pharmaceutical companies and a global player in the industry. At this time, the original deal for PSD502 was restructured whereby Sciele/Shionogi bought out the full rights to the US and Japan. Shionogi made an upfront payment and a commitment to cover the remaining development costs in the EU and pay royalties in the rest of the world (ROW).

Clinical trials – highly effective and safe

Two large phase III clinical studies have been conducted in parallel in North America and Europe; each being multi-centered, randomised, double blind, and placebo-controlled efficacy studies. A total of 540 patients were recruited across both studies and were treated for a 12 week period with an optional open label phase of up to 9 months. Clinical trials were designed to follow the International Society for Sexual Medicine definition of premature ejaculation.

The phase III trial was completed in Europe in November 2008 for PSD502 with an identical protocol to that in the US. The study was conducted in 300 patients across 32 investigational centres in 4 countries across Europe, with results showing clear and unambiguous efficacy in three co-primary endpoints (Intra-vaginal Ejaculation Time, Index of Premature Ejaculation; Ejaculatory Control; and Sexual Satisfaction) with unequivocal safety. Highly statistical significance on measures of efficacy were recorded amongst which:

- Intravaginal ejaculation latency time, a key measure of efficacy, was increased from less than one minute in the placebo group to 4 minutes in the treated patients (regulators were looking for a doubling of this measure).
- 90% of men in the treatment group were able to delay ejaculation for more than one minute following vaginal penetration, compared with 54% in the placebo group.

- Measure of erectile control and sexual satisfaction were also statistically significantly improved over placebo.
- Of the 290 people in the study, 265 elected to continue using the product in the open label study. Less than 1% of patients discontinued usage due to adverse events.

There were no serious adverse events, the drug was well tolerated and there were no systemic adverse events. Non-serious adverse localised events were low (2.6% in treated patients and 1% in placebo), which included numbness and loss of sensation indicating that very few patients suffered a reduction in sensation.

In July 2009, results of the second pivotal phase III study in the US were announced. Consistent with the first study, analysis showed that PSD502 produced a highly clinical and statistically significant increase in all co-primary endpoints.

When considered together the studies confirmed that PSD502 can be applied locally when needed, i.e. on demand, offers a rapid onset of action of less than five minutes and that the benefit will last for at least two hours. Additionally the treatment displays little minimal partner transfer, eliminating the need to use a condom for protection, and that the treatment can be self-adjusted under physician direction.

The two studies together are to form the basis for the regulatory filing of PSD502 in both the EU and the US.

Competitive Environment

There are currently no approved products for PE in the US while just one product has been approved in the EU. Anti-depressants are generally known to delay orgasm and are also prescribed off label with many available as generics. The American Urological Association guidelines note that while oral anti depressants and topical anaesthetic agents are not approved by the FDA they have been shown to delay ejaculation and have a relatively low side effect profile, recommending both the use of selective serotonin reuptake inhibitors (SSRIs) and topical lidocaine-prilocaine cream for PE.

We believe that a new product offering in PE would in fact be positive news for PSD502 serving to increase the market for PE through additional spend on public awareness. We note that global market sales for another male sexual condition, erectile dysfunction, were increased exponentially with each new product launch. The incremental marketing spend on each new product introduction contributed to public education on both the underlying condition and available treatment options.

Johnson & Johnson launched Priligy in Europe in June 2009. Priligy is an on demand treatment for premature ejaculation based on the use of an anti-depressant and is also available in Mexico, New Zealand and South Korea. Priligy contains an active substance called dapoxetine belonging to a group of medicines called selective serotonin reuptake inhibitors typically prescribed for depression. While uptake has reportedly been tempered for the product we note that J&J have spent considerable amounts on patient/physician education around premature ejaculation thereby laying the groundwork for added and new market entrants.

Priligy needs to be taken one to three hours before sexual activity (in contrast PSD502 is applied five minutes before sexual activity). The dose of Priligy that is required is considered to be sufficiently low for PE to minimise the commonly known side effects of SSRIs, notably nausea, dizziness, headache, and diarrhoea as detailed on Priligy's European label. Nonetheless Priligy was rejected in the US in 2005.

Local acting topical therapies, such as PSD502, address the penile sensitivity of the ejaculatory reflex. The advantages of local therapies are that they can be applied as needed and systemic effects are minimised. Anaesthetic creams have also been used before intercourse for those suffering from PE though they can be messy, need to be wiped off once sensitivity is lost and may affect the partner's sensitivity.

Other phase II trials are ongoing for the treatment of PE. Tramadol is a weak opioid approved for treating pain. As a result of its short half life, it can be used in an on-demand dosing protocol in PE and two phase III trials are in progress in Europe examining its use in the condition. GSK also has two Phase II products in development for PE, an SSRI and an oxytocin inhibitor.

Hybridan's Forecast for PSD502

Plethora will receive royalties on net sales outside the US and Japan on a sliding scale which we believe will average out at an estimated 4%.

Surveys have varied on the estimated number of patients suffering from premature ejaculation ranging from 14% to 31% in the Western World. A study completed by Datamonitor estimates that in the US alone 26 million men suffer from premature ejaculation, which is a threefold increase from those suffering from erectile dysfunction. We believe that the potential market for premature ejaculation could reach well over \$1bn in the ROW territories where Plethora will receive royalties from Shionogi with the help of consistent and prolonged consumer education programs. However, end user sales will likely correlate strongly with marketing spend in this new area to generate awareness.

PSD502 has an NPV of 21.9p per share

We therefore remain conservative in our initial forecasts for PSD502 expecting gradual uptake as public awareness increases. Plethora has indicated that £10 is an appropriate price based on internal research on acceptability of doctors and patients. We model end sales of £192m for the treatment ROW (ex US and Japan) by 2019. On our calculations this translates to an NPV of £14.4m, equivalent to 21.9p per share for Plethora.

PSD510 (Invicorp) – Erectile Dysfunction

Invicorp offers potential pain reduction over existing injectables for erectile dysfunction

Invicorp (PSD510) is an injectable treatment for moderate to severe erectile dysfunction (ED) combining a vasoactive intestinal peptide and phentolamine mesylate. It is injected directly into the penis causing an erection by binding smooth-muscle relaxation and increasing blood flow. Plethora in-licensed exclusive North American rights to Invicorp from Senetek PLC in 2006. Following positive discussions with the FDA, the commencement of phase III trials in the US have been cleared and will be initiated on completion of a deal with a partner.

Erectile dysfunction is the persistent inability to attain and maintain an erection sufficient to permit satisfactory sexual intercourse. Current pharmacotherapy for the treatment of ED includes oral, transurethral suppository and injectable intracavernosal treatments. Of these, the oral phosphodiesterase type 5 (PDE5 inhibitors, ie Viagra and Cialis) are by far the most popular for obvious reasons. However, these agents are associated with a number of side effects and are potentially hazardous in individuals taking nitrates and associated Cardiac medications. Additionally, PDE5s have reduced or low efficacy in certain patient populations, notably diabetics and men recovering from prostate or pelvic surgery while men become refractory to PDE5s after prolonged use.

Injectable treatments for ED are targeted at men that either do not respond to oral ED drug treatment or are contraindicated due to other courses of medicine. Advantages over oral therapy include the rapid onset of erection after stimulation (typically between two to five minutes), the ability to induce erection up to two and a half hours after administration, with natural termination of an erection after ejaculation. The most commonly used injectables are papaverine (Papaverine hydrochloride), phentolamine (Regitine), and prostaglandin E1 (Caverject, Prostin, or Alprostadil).

NPV of 1.1p per share for Invicorp

Currently marketed injectable products for ED have been shown to produce compliance limiting pain on administration in over 30% of men. Clinical data to date shows that the efficacy and local tolerability profile of Invicorp compares favourably with current injectable treatment options. Notably Invicorp shows a relatively pain free administration versus its counterparts providing a significant competitive advantage.

Invicorp holds significant potential for Plethora and we see peak sales in the area of \$20m p.a. in the US once partnered, expecting Plethora to take a large portion of the

current circa \$40m market for ED injectables in the US. We base our forecast on highly conservative overall market penetration figures, despite the estimated 3 million men in the US alone unable to use oral treatments for ED. This translated to a risk adjusted NPV of £700k, equivalent to 1.1p per share.

PSD503 – Stress Urinary Incontinence

PSD503 is currently in development for stress urinary incontinence. Preliminary data from a small Phase II trial of 12 patients has shown PSD503 to be effective with no evidence of blood pressure elevation in any subject, and cardiovascular effects were indistinguishable versus placebo. A 54% overall reduction in leakage was shown and a positive response in 50% of the women- both are considered good responder rates in the general category of urinary incontinence.

PSD503 has been under option and evaluation to a major, unnamed, global pharmaceutical company since July of 2009. According to Plethora management the structure of the deal, yet to be finalised, would yield an upfront payment of £1.5m on signing; up to £20m in milestones and a low single digit royalty as well as the funding of ongoing development costs. We understand the anonymous pharma company may be looking to potentially launch PSD503 as an OTC product in mild to moderate SUJ. Erring on the side of caution we have not included the value of such a deal in our company valuation, reserving this significant amount for upside on our share price target for Plethora.

We forecast a risk adjusted NPV of £3.3m for PSD503, equivalent to 5.04p per share.

PSD506 – Overactive Bladder and Benign Prostatic Hyperplasia

PSD506 offers a potential benefit within a class of drugs selling more than \$2bn annually

PSD 506 is in development for overactive bladder in women and BPH (benign prostatic hyperplasia) in men.

PSD506 is a selective antagonist of two muscarinic receptors which mediate over excitability of the bladder. The compound shows promise in an otherwise crowded class of drugs due to its favourable side effect profile amongst a heavily marketed class of drugs distributed mainly by the pharmaceutical giants. Collective sales of anti-muscarinics top \$2bn world-wide.

In-licensed from Roche in April 2005 for overactive bladder in women and BPH in men, PSD506 is an anti-muscarinic but with a different pharmacological profile. Clinical trials in over 200 patients have shown that the compound may not be associated with common muscarinic side effects such as dry mouth, heart burn, headaches, constipation and dizziness. Initial safety data was reported in September 2009 showing the compound equally safe in men and women with no adverse side effects reported at the 20mg dose and with no reports of dry mouth.

Approximately 16% of the population in Europe and the US aged 40 or over has over active bladder symptoms, with only 20% of patients diagnosed and 9% drug treated. Overactive bladder is the sudden need to urinate. OAB is caused by a sudden contraction of the muscle in the wall of the bladder. Also known as urinary urge incontinence, OAB may or may not lead to the leaking or gushing of urine and is also characterised by frequent urination and nocturia (the need to get up and urinate at night). Anti-muscarinic drugs are typically first line therapy for the condition while current treatment also includes exercise to strengthen the pelvic floor muscles.

PSD506 NPV 6.2p per share is not in our Target Price

Symptoms of BPH stem from obstruction of the urethra and gradual loss of bladder function which results in an incomplete emptying of the bladder. Symptoms include frequent urination, interrupted to weak stream, and urgency. To date, anti-muscarinics are contra-indicated in BPH and poorly controlled by existing treatment; alpha-blockers and 5-alpha reductase inhibitors. An estimated 50m men in the US and Western Europe suffer from BPH. There are no approved pharmaceutical treatments for BPH. It is possible that PSD 506 may be the first member of the drug class approved for the treatment of males with BPH.

Plethora is currently looking for a partner for PSD506 to take the development of the compound further into costly large scale trials. We await further news flow in regards to

discussions with licensors before including this compound in our valuation for Plethora. However we see significant upside to the share offered by PSD506 on the successful completion of a deal based on the potential size of the OAB/BPH market and PSD506's differentiating profile. We calculate a risk adjusted NPV for PSD506 £4.0m, equivalent to 6.2p per share.

3.0 Valuation

Price target of 28.2p per share is based on an aggregate of PSD502 and The Urology Company

We derive a value for Plethora Solutions plc of 28.2p based on the sum of the valuation of its commercial arm, the Urology Company and its lead compound, PSD502, for premature ejaculation.

We have conservatively included only tangible and highly visible sources of profits when calculating a fair value for Plethora. We emphasise that our approach is conservative in that it does not factor in the likelihood that Plethora management will continue to license in products for sales and marketing by the Urology company. Additionally, we factor in only the potential of one out-licensed product, PSD502, leaving upside on our share price target for the eventual out-licensing of the additional compounds in the later stages of development. Lastly, as outlined below, we believe our NPV for PSD502 errs on the side of caution based on a set of arguably bearish assumptions on its European launch.

We value The Urology Company on a straight 3x sales multiple for 2013. We take a relatively high multiple of 3, given that all products have been very recently launched onto the market meaning that full sales potential will not likely be realised until an estimated 5 years out. Also, based on the success of management over the past 18 months we believe a series of announcements on newly in-licensed products for launch in the UK and possible Europe is likely over the course of the year and beyond.

Conservative approach to valuation allows for significant share price upside

Our NPV for PSD502 of 14.4m assumes peak sales potential of £190m in Europe and ROW and gradual uptake of the product as marketing campaigns across countries begin to gain traction. We assume just 5% penetration of those men with more severe forms of PE and an annual out of pocket expense of £500 pounds per annum based on a £10 per treatment price (which equates roughly to the cost of Viagra). We use the biotech industry standard 13% cost of capital when calculating our product NPVs, applying appropriate levels of probability to individual treatment candidates.

PSD502

Year	1 2011	2 2012	3 2013	5 2015	7 2017	9 2019	11 2021
ROW Sales m	0	30	60	125	169	192	182
% increase			100%	30%	15%	3%	-5%
Royalty %		4%	4%	4%	4%	4%	4%
Royalty to Plethora £m	0.0	1.2	2.4	5.0	6.8	7.7	7.3
Tax	0.0	30%	30%	30%	30%	30%	30%
Net Income	0.0	0.8	1.7	3.5	4.7	5.4	5.1
NPV	0.0	0.7	1.2	1.9	2.0	1.8	1.3

EU 500m ~250 million men of which 125m adults

Success Probability	90%
Shares in issue	65,725,800
NPV/share (p)	21.93
NPV £m	14.4

12m with the money and interest
6m with the severity
~5% of narrowed market X £500 annual dosing

Source: Plethora Solutions Holdings PLC and Hybridan LLP

Share Price Upside

We do not include PSD503 (SUI), PSD506 (OAB) or PD510 (ED) in our share price target due to the uncertainties on the actual outcome and timing of the out-licensing of the treatments. Nonetheless these are meaningful assets in Plethora's portfolio, all showing positive phase II clinical trial results and primed for phase III development. News of a realised out-licensing deal on one of these would create a strong upward move of the share price with a calculated risk adjusted NPV of 6.2p, 5.0p and 1.1p for

PSD 506, PSD503 and PSD510 respectively, which in aggregate is well above the market's current valuation of the entire company.

PSD 506 (OAB)

Year	2	3	5	9	11	13
	2012	2013	2015	2019	2021	2023
Global Sales m	0	0	95	201	191	172
% increase			90%	5%	-5%	-5%
Royalty	3%	3%	3%	3%	3%	3%
Milestones	2.0	0.0				
Sales to Plethora	0.0	0.0	2.9	6.0	5.7	5.2
Total Sales	2.0	0.0	2.9	6.0	5.7	5.2
Tax	30%	30%	30%	30%	30%	30%
Net Income	1.4	0.0	2.0	4.2	4.0	3.6
NPV	1.1	0.0	1.1	1.4	1.0	0.7
Total Product NPV £m	13.5		license in 2011			
NPV £m	13.5		pIII complete end 2012			
Success Probability	30%		filing and approval and '13/early '14			
Shares in issue	65,725,800		assumes milestones on PIII completion and approval			
NPV/share (p)	6.15		£200m peak sales			
NPV £m	4.0					

Source: Plethora Solutions Holdings PLC and Hybridan LLP

PSD 503 (SUI Virgafem)

Year	1	2	3	5	9	11	13
	2011	2012	2013	2015	2019	2021	2023
Global Sales m	0	0	0	26	54	51	46
% increase				75%	5%	-5%	-5%
Royalty		3%	3%	3%	3%	3%	3%
Milestones	2.5	5.0	5.0				
Sales to Plethora	0	0.0	0.0	0.8	1.6	1.5	1.4
Total Sales		5.0	5.0	0.8	1.6	1.5	1.4
Tax	0.0	30%	30%	30%	30%	30%	30%
Net Income	0	3.5	3.5	0.6	1.1	1.1	1.0
NPV	0	2.7	2.4	0.3	0.4	0.3	0.2
Total Product NPV £m	8.3		under option with major pharma company				
NPV £m	8.3		pIII complete end 2012				
Success Probability	40%		filing and approval and '13/early '14				
Shares in issue	65,725,800		assumes milestones on PIII completion and approval				
NPV/share (p)	5.04		~£150m peak sales				
NPV £m	3.3						

Source: Plethora Solutions Holdings PLC and Hybridan LLP

PSD 510 (Invicorp)

Year	2	3	5	9	11	13
	2012	2013	2015	2019	2021	2023
Global Sales m	0	5	13	22	21	19
% increase			55%	5%	-5%	-5%
Royalty	3%	3%	3%	3%	3%	3%
Milestones	1.0	1.0				
Sales to Plethora	0.0	0.2	0.4	0.7	0.6	0.6
Total Sales	1.0	1.2	0.4	0.7	0.6	0.6
Tax	30%	30%	30%	30%	30%	30%
Net Income	0.7	0.8	0.3	0.5	0.4	0.4
NPV	0.5	0.6	0.2	0.2	0.1	0.1
Total Product NPV £m	2.5		under option with major pharma company			
NPV £m	2.5		pIII complete end 2012			
Success Probability	30%		filing and approval and '13/early '14			
Shares in issue	65,725,800		assumes small milestones on PIII and approval			
NPV/share (p)	1.12		~£20m peak sales			
NPV £m						

Source: Plethora Solutions Holdings PLC and Hybridan LLP

Total NPV per share (p)	
The Urology Company	10.5
PSD502	21.9
Corporate Costs	-4.2
Total	28.2
<i>Share Upside on Development Projects</i>	
<i>PSD503</i>	<i>5.0</i>
<i>PSD506</i>	<i>6.15</i>
<i>Invicorp</i>	<i>1.12</i>
Total	12.3

Source: Hybridan LLP

Smaller capitalisation healthcare companies normally trade below their NPV's, however we maintain the level of risk with Plethora is significantly lower than that of most small biotech companies, many of which have a high early stage drug component. All products sold through The Urology Company are available commercially while PSD502 has completed all safety and efficacy trials and is ready for filing in both the US and Europe. Even PSD506, PSD503, PSD510 are all at a late stage of development, stage II and beyond, and yet have not been included in our NPV for the purposes of deriving our price target.

4.0 Investment Risks

New sales and distribution offset the risks associated with the later stage pipeline

Plethora's new commercial products sold through The Urology Company hold certain distribution and selling risks. Most products are recently launched and commercial viability is therefore yet to be established. However, competitive treatments have shown to be strong sellers (interstitial cystitis, vaginal moisturizer) while Striant has already proven to be an attractive product in the growing field of testosterone replacement as borne out by sales in the UK by a previous distributor.

Research on therapeutic treatments remains a highly competitive area and competition for appropriate licensing partners can prove to be challenging. Nevertheless the majority of Plethora's development projects are focused on a large targeted market in the focused area of urology and sexual health. Treatments should appeal to a relatively wide audience and therefore retain commercial appeal for potential licensors. Our price target for Plethora has taken these risks into consideration, and we have not factored in those projects deemed to fall into higher risk categories. In the case of PSD502 a licensing partner has already been secured.

5.0 Financial Statements

FORECASTS

Profit & Loss Account

Year-end: 31 December	2008A	2009A	2010A	2011E	2012E	2013E	2016E
TUC Sales	640	17,742	1,197	900	1,695	2,310	3,963
Turnover	640	17,742	1,197	900	1,695	2,310	3,963
Gross Profit	640	17,742	1,173	585	1,102	1,502	2,576
Royalty income	0	0	0	0	1,200	2,400	5,891
Total Sales	640	17,742	1,197	900	2,895	4,710	9,854
Total expenditures	(14,221)	(8,240)	(2,207)	(2,079)	(2,115)	(2,179)	(2,381)
Operating Profit/Loss	(13,581)	9,502	(1,034)	(1,494)	187	1,723	6,086
Finance income	46	4	2	2	20	14	75
Finance Costs	(534)	(421)	(438)	(235)	(190)	(181)	(155)
Pre-tax Profit	(14,069)	9,085	(1,470)	(1,727)	17	1,556	6,006
Taxation	763	324	95	100	0	(467)	(1,802)
Profit/Loss from continuing operations	(13,306)	9,409	(1,375)	(1,627)	17	1,089	4,204
Profit/Loss from discontinued operations	(3,082)	165					
Attributable Profit/(Loss)	(16,388)	9,574	(1,375)	(1,627)	17	1,089	4,204
PER SHARE DATA							
Shares outstanding m	28.20	31.55	54.3	65.7	65.7	65.7	65.7
EPS - (p)	(58.1)	30.3	(2.5)	(2.5)	0.0	1.7	6.4

Source: Plethora Solutions Holdings PLC and Hybridan LLP

Balance Sheet

(£ '000)

Year-end: 31 December	2008A	2009A	2010A	2011E	2012E	2013E	2016E
Non-current assets							
Property, plant and equipment	46	34	7	7	7	7	5
	46	34	7	7	7	7	5
Current assets							
Trade and other receivables	418	226	384	434	456	478	554
Stocks	308	0	165	173	182	191	233
Cash and equivalents	515	1,428	756	356	504	1,646	11,716
Assets for disposal classed held for sale	7,028	0	0	0	0	0	0
	8,269	1,654	1,305	963	1,142	2,316	12,503
Total Assets	8,315	1,688	1,312	970	1,149	2,323	12,508
Non-current Liabilities							
Borrowings	1,436	1,995	3,137	3,372	2,500	2,100	1,800
Financial liabilities	14,051						
	15,487	1,995	3,137	3,372	3,406	3,353	3,171
Current							
Trade and other payables	4,280	2,764	1,212	1,262	1,325	1,391	1,611
Provisions			262	300	300	300	300
Borrowings	2,162	0	0	0	0	0	0
	6,442	2,764	1,474	1,562	1,625	1,691	1,912
Total Liabilities	21,929	4,759	4,611	4,934	5,031	5,044	5,083
Net Assets	(13,614)	(3,071)	(3,299)	(3,964)	(3,882)	(2,722)	7,425
Shareholders' Equity							
Called up share capital	308	420	543	650	715	787	1,047
Share premium	20,256	21,166	22,127	22,982	22,982	22,982	22,982
Other reserves	4,908	4,908	4,910	4,910	4,910	4,910	4,910
Retained profit/loss	(41,186)	(31,612)	(32,987)	(34,614)	(34,597)	(33,508)	(23,622)
Translation reserve	0	0	0	0	0	0	0
Convertible loan note reserve	0	214	224	224	224	224	224
Share based payment reserve	1,792	1,833	1,884	1,884	1,884	1,884	1,884
Total Equity	(13,922)	(3,071)	(3,299)	(3,964)	(3,882)	(2,721)	7,425

Source: Plethora Solutions Holdings PLC and Hybridan LLP

Cash Flow Statement

(£ '000)

Year-end: 31 December	2008A	2009A	2010A	2011E	2012E	2013E	2016E
Operating Activities							
Profit (Loss) after tax	(16,388)	9,409	(1,375)	(1,627)	17	1,089	4,204
Dep and Amort	44	26	31	32	33	34	37
Decrease (Increase) trade and other receivables	412	100	38	(50)	(53)	(58)	(77)
Decrease (Increase) in trade & other payables	2,331	(1,657)	(1,886)	(50)	(55)	(61)	(81)
Taxation	(763)	(324)	(95)	(100)	0	467	1,802
Interest paid	(508)	(179)	(51)	140	190	181	155
Cash flow from discontinued operations	2,053	276	0	0	0	0	0
Other	1,360	623	339	200	206	137	194
Cashflow from operating activities	(11,459)	8,274	(2,999)	(1,455)	338	1,789	6,235
Taxation	1,084	324	95	100	0	(467)	(1,802)
Purchase of property, plant and equipment	(3)	(14)	(4)	0	0	0	0
Free Cash Flow	(10,378)	8,584	(2,908)	(1,355)	338	1,323	4,433
Investing Activities							
Disposal disc operations/repay assoc. debt	0	(474)	0	0	0	0	0
Acquisition of subsidiary			0	0	0	0	0
Interest net	46	4	(2)	(140)	(190)	(181)	(155)
Cashflow from Investing Activities	46	(470)	(2)	(140)	(190)	(181)	(154)
Financing Activities							
Issue of Ordinary Share Capital	420	1,115	1,145	855	0	0	0
Cost of Share Issue	(239)	(93)	(57)	(60)	0	0	0
Repayment of borrowings	(1,980)	(2,848)	0	(100)	(100)	(100)	(100)
Borrowings	1,000	1,450	1,150	400	100	100	100
cash used finance activities (disc operations)	9,051	(6,825)	0	0	0	0	0
Cashflow from Financing Activities	8,252	(7,201)	2,238	1,095	0	0	0

Source: Plethora Solutions Holdings PLC and Hybridan LLP

GLOSSARY

Alpha-Adrenergic Agonist Phenylephrine- A drug that selectively stimulates alpha adrenergic receptors.

Anaesthetic Lidocaine- A common local anesthetic and antiarrhythmic drug used topically to relieve itching, burning and pain from skin inflammations.

Atrophic Vaginitis- This is an inflammation of the vagina due to thinning tissue and decreased lubrication. It is related to reduced estrogen levels.

Benign Prostatic Hyperplasia- Refers to the increase in size of the prostate. When sufficiently large, the nodules in the periurethral region of the prostate compress the urethral canal to cause partial, or sometimes virtually complete, obstruction of the urethra, which interferes the normal flow of urine.

Duloxetine- A serotonin-norepinephrine reuptake inhibitor, which is effective for major depressive disorder and has been shown to be as effective as venlafaxine for generalized anxiety disorder (GAD).

Episiotomy- Also known as perineotomy is a surgically planned incision on the perinium and the posterior vaginal wall during second stage of labour.

Hypogonadism- This is a medical term for when the sex glands produce little or no hormones.

Interstitial Cystitis- This is a painful condition due to inflammation of the tissues of the bladder wall. The cause is unknown. The condition is usually diagnosed by ruling out other conditions (such as sexually transmitted disease, bladder cancer, and bladder infections). The condition generally occurs around age 30 to 40, although it has been reported in younger people. Women are 10 times more likely to have IC than men.

Mucoadhesive Buccal tablet- A tablet which adheres to the gum and delivers the drug on a slow release across the gum.

Nocturia- Nocturia is the need to get up in the night to urinate, thus interrupting sleep. Its occurrence is more frequent in pregnant women and in the elderly.

Nocturnal Enuresis- Commonly called bedwetting, is involuntary urination while asleep after the age at which bladder control usually occurs.

Oral Phosphodiesterase type 5- Also known as Viagra, is a drug used to block the degradative action of phosphodiesterase type 5 on cyclic GMP in the smooth muscle cells lining the blood vessels supplying the corpus cavernosum of the penis. These drugs are used in the treatment of erectile dysfunction, and were the first effective oral treatment available for the condition.

Serotonin reuptake inhibitors (SSRIs)- This is a type of drug which acts as a reuptake inhibitor for the neurotransmitter serotonin (5-hydroxytryptamine (5-HT)) by blocking the action of the serotonin transporter (SERT). This in turn leads to increased extracellular concentrations of serotonin and therefore an increase in serotonergic neurotransmission.

Topical Lidocaine Prilocaine Cream- This medication contains 2 amide-type local anesthetics, lidocaine and prilocaine. It is used on normal, unbroken skin or on the outer genital area to prevent pain before certain procedures such as inserting a needle, skin grafts, or skin laser surgery.

Virgafem- Is an on demand topical treatment for women suffering from mild to moderate stress urinary incontinence (SUI), launched in the UK as a Special in late December 2010. Virgafem is a gel formulation of the alpha-adrenergic agonist phenylephrine applied externally around the urethra for short term tightening of muscles.

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