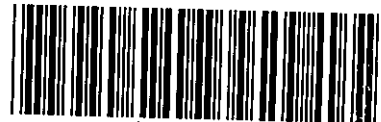


23.5

KBIOSYSTEMS LIMITED
Report of the Directors and
Unaudited Financial Statements
For The Year Ended 31 March 2006

FRIDAY



AIG6MLYJ

A27

05/01/2007

31

COMPANIES HOUSE

5

KBIOSYSTEMS LIMITED

Contents of the Financial Statements For The Year Ended 31 March 2006

	Page
Company Information	1
Report of the Directors	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	6
Chartered Accountants' Report	12
Trading and Profit and Loss Account	13

KBIOSYSTEMS LIMITED

Company Information **For The Year Ended 31 March 2006**

DIRECTORS:

Mr M Biddle
Mr A Shepherd

SECRETARY:

Mrs E C Biddle

REGISTERED OFFICE:

Unit 7, Paycocke Close
Paycocke Road
Basildon
Essex
SS14 3HS

REGISTERED NUMBER:

2389004 (England and Wales)

BANKERS:

Barclays Bank Plc
63/65 High Street
Rayleigh
Essex
SS6 7AJ

KBIOSYSTEMS LIMITED

Report of the Directors For The Year Ended 31 March 2006

The directors present their report with the financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of provision of robotic automation and biomedical systems.

DIRECTORS

The directors during the year under review were:

Mr M Biddle
Mr A Shepherd

The beneficial interests of the directors holding office on 31 March 2006 in the issued share capital of the company were as follows:

	31.3.06	1.4.05
Ordinary £1 shares		
Mr M Biddle	25,000	25,000
Mr A Shepherd	25,000	25,000

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Mrs E C Biddle - Secretary

12 December 2006

KBIOSYSTEMS LIMITED

Profit and Loss Account For The Year Ended 31 March 2006

	Notes	2006 £	£	2005 £	£
TURNOVER			2,031,977		1,922,634
Cost of sales			1,455,502		1,347,821
GROSS PROFIT			576,475		574,813
Administrative expenses			423,598		425,947
OPERATING PROFIT	2		152,877		148,866
Income from shares in group undertakings		14,700		23,333	
Interest receivable and similar income		2,534		1,789	
			17,234		25,122
			170,111		173,988
Interest payable and similar charges			3,159		2,964
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			166,952		171,024
Tax on profit on ordinary activities	3		28,927		24,875
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			138,025		146,149

The notes form part of these financial statements

KBIOSYSTEMS LIMITED

Balance Sheet 31 March 2006

		2006	2005
	Notes	£	£
FIXED ASSETS			
Tangible assets	5	142,425	90,970
Investments	6	70	70
		<u>142,495</u>	<u>91,040</u>
CURRENT ASSETS			
Stocks		205,052	151,921
Debtors	7	489,564	340,922
Cash at bank and in hand		141,253	243,220
		<u>835,869</u>	<u>736,063</u>
CREDITORS			
Amounts falling due within one year	8	544,232	430,499
NET CURRENT ASSETS		<u>291,637</u>	<u>305,564</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		434,132	396,604
CREDITORS			
Amounts falling due after more than one year	9	(53,121)	-
PROVISIONS FOR LIABILITIES	10	(10,056)	(6,274)
NET ASSETS		<u><u>370,955</u></u>	<u><u>390,330</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	50,000	50,000
Profit and loss account	12	320,955	340,330
SHAREHOLDERS' FUNDS		<u><u>370,955</u></u>	<u><u>390,330</u></u>

The notes form part of these financial statements

KBIOSYSTEMS LIMITED

Balance Sheet - continued **31 March 2006**

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 March 2006.

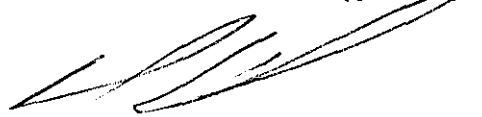
The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2006 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

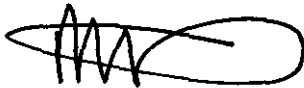
- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors on 12 December 2006 and were signed on its behalf by:



Mr M Biddle - Director



Mr A Shepherd - Director

KBIOSYSTEMS LIMITED

Notes to the Financial Statements For The Year Ended 31 March 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 15% on reducing balance
Plant and machinery	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same manner unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

KBIOSYSTEMS LIMITED

Notes to the Financial Statements - continued For The Year Ended 31 March 2006

2. OPERATING PROFIT

The operating profit is stated after charging:

	2006	2005
	£	£
Depreciation - owned assets	28,271	20,522
Depreciation - assets on hire purchase contracts	3,648	9,802
Pension costs	6,250	61,475
	<u>36,250</u>	<u>89,111</u>
Directors' emoluments and other benefits etc	<u>36,250</u>	<u>89,111</u>

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2006	2005
	£	£
Current tax:		
UK corporation tax	25,145	26,966
Deferred tax	3,782	(2,091)
Tax on profit on ordinary activities	<u>28,927</u>	<u>24,875</u>

4. DIVIDENDS

	2006	2005
	£	£
Ordinary shares of £1 each		
Interim	<u>157,400</u>	<u>116,200</u>

KBIOSYSTEMS LIMITED

Notes to the Financial Statements - continued For The Year Ended 31 March 2006

5. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 April 2005	-	196,291	15,284	211,575
Additions	7,264	76,110	-	83,374
At 31 March 2006	7,264	272,401	15,284	294,949
DEPRECIATION				
At 1 April 2005	-	110,157	10,448	120,605
Charge for year	1,089	29,621	1,209	31,919
At 31 March 2006	1,089	139,778	11,657	152,524
NET BOOK VALUE				
At 31 March 2006	6,175	132,623	3,627	142,425
At 31 March 2005	-	86,134	4,836	90,970

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 April 2005	60,990
Additions	58,345
Transfer to ownership	(60,990)
At 31 March 2006	58,345
DEPRECIATION	
At 1 April 2005	38,529
Charge for year	3,648
Transfer to ownership	(38,529)
At 31 March 2006	3,648
NET BOOK VALUE	
At 31 March 2006	54,697
At 31 March 2005	22,461

KBIOSYSTEMS LIMITED

Notes to the Financial Statements - continued For The Year Ended 31 March 2006

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2005 and 31 March 2006	70
NET BOOK VALUE	
At 31 March 2006	70
At 31 March 2005	70

The company's investments at the balance sheet date in the share capital of companies include the following:

KBioservices Limited

Country of incorporation: England

Nature of business: Provision of technical support services.

	%		
Class of shares:	holding	2006	2005
Ordinary	70.00	£	£
Aggregate capital and reserves		4,696	4,490
Profit/(Loss) for the year		206	(7,932)

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade debtors	463,758	340,922
Other debtors	25,806	-
	489,564	340,922

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Bank loans and overdrafts	4,522	3,722
Hire purchase contracts	16,499	8,854
Trade creditors	217,902	189,972
Amounts owed to group undertakings	66,318	50,285
Taxation and social security	43,728	60,889
Other creditors	195,263	116,777
	544,232	430,499

The bank overdraft is secured via a cross charge between the company and its subsidiary, Kbioservices Limited.

Liabilities to hire purchase contracts are secured on the relevant assets.

KBIOSYSTEMS LIMITED

Notes to the Financial Statements - continued For The Year Ended 31 March 2006

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Bank loans	12,810	-
Hire purchase contracts	40,311	-
	<u>53,121</u>	<u>-</u>

Liabilities to hire purchase contracts are secured on the relevant assets.

10. PROVISIONS FOR LIABILITIES

	2006	2005
	£	£
Deferred tax	10,056	6,274

	Deferred tax £
Balance at 1 April 2005	6,274
Accelerated capital allowances	3,782
Balance at 31 March 2006	<u>10,056</u>

11. CALLED UP SHARE CAPITAL

Authorised:			2006	2005
Number:	Class:	Nominal value:	£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:			2006	2005
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

12. RESERVES

	Profit and loss account £
At 1 April 2005	340,330
Profit for the year	138,025
Dividends	<u>(157,400)</u>
At 31 March 2006	<u>320,955</u>

KBIOSYSTEMS LIMITED

Notes to the Financial Statements - continued **For The Year Ended 31 March 2006**

13. RELATED PARTY DISCLOSURES

During the year KBiosystems Limited charged for the use of labour and other expenses in the sum of £45,500 (2005: £34,464) to KBioservices Limited.

During the year KBiosystems Limited made purchases from KBioservices Limited amounting to £28,400 (2005: £34,046) for service support.

Included within creditors is an amount owed to KBioservices Limited amounting to £66,318 (2005: £50,285).