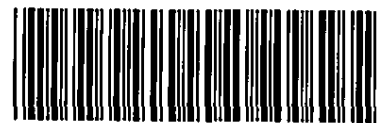


Atraverda Limited

Financial statements

For the year ended 31 December 2006

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COMPANIES HOUSE

Company No. 2652922

Officers and professional advisers

Company registration number	2652922
Registered office	Units A and B Roseheyworth Business Park Abertillery Blaenau Gwent NP13 1SX
Directors	A Loyns C Fountas D Sneddon M Greenlee J G Townsend A R Dixey
Secretary	B Myers
Bankers	Natwest Bank 10 Benedict Street Cambridge CB2 3PU Citizens Bank PO Box 42001 Providence Rhode Island MA 02940 - 2001
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 11-13 Penhill Road Cardiff CF11 9UP

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activities

The principal activity of the company during the year was developing and exploiting products for its product Ebonex® within the battery marketplace

Post Balance Sheet Event

The company issued 69,847,347 'B' Ordinary Shares at a par value of £0.01 on 25 October 2007. The share price on issue was 15p per share. The share issue resulted in a cash inflow of £10,477,402.

Directors

The directors who served the company during the year are listed on page 1

J G Townsend was appointed as a director on 1 May 2006

A R Dixey was appointed as a director on 21 February 2007

P Carter resigned as a director on 9 March 2006

Financial risk management objectives and policies

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments will be undertaken.

At this stage in the company's development there is little direct exposure to either interest or exchange rate risk.

In terms of liquidity risk the company will continue to seek additional equity funding to meet its foreseeable future operating needs.

Directors' responsibilities

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,

Report of the directors

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

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

BY ORDER OF THE BOARD


Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ATRAVERDA LIMITED

We have audited the financial statements of Atraverda Limited for the year ended 31 December 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet, cash flow statement and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2005).

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

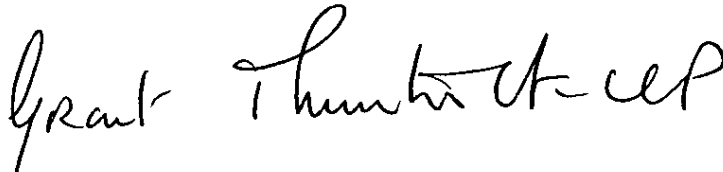
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP', is written over the printed name.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
CARDIFF

31 OCT 2007

Accounting policies

Basis of accounting

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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale

Research and development

Research and development expenditure is written off in the year in which it is incurred

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Amortisation	- 10% on cost
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Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	- 25% on cost
Plant & Machinery	- 20% on cost
Fixtures & Fittings	- 20% on cost
Equipment	- 20% - 33 3% on cost

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Accounting policies

Foreign currencies

Monetary 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Compound instruments

Compound instruments comprise both a liability and an equity component. The elements of a compound instrument are classified in accordance with their contractual provisions. At the date of issue, the liability component is recorded at fair value, which is estimated using the prevailing market interest rate for a similar debt instrument without the equity feature. Thereafter, the liability component is accounted for as a financial liability in accordance with the accounting policy set out above.

The residual is the equity component, which is accounted for as an equity instrument.

Profit and loss account

	Note	2006 £000	2005 £000
Turnover		73	73
Cost of sales		172	13
Gross (loss)/profit		(99)	60
Other operating charges	1	1,624	1,186
Other operating income	2	(10)	(2)
Operating loss	3	(1,713)	(1,124)
Interest receivable		35	27
Interest payable and similar charges	6	(509)	(235)
Loss on ordinary activities before taxation		(2,187)	(1,332)
Tax on loss on ordinary activities	7	7	(101)
Loss for the financial year		(2,194)	(1,231)

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

Balance sheet

	Note	2006 £000	2005 £000
Fixed assets			
Intangible assets	8	—	—
Tangible assets	9	672	235
		<u>672</u>	<u>235</u>
Current assets			
Debtors	10	139	176
Investments	11	21	21
Cash at bank		2,214	348
		<u>2,374</u>	<u>545</u>
Creditors: amounts falling due within one year	12	597	309
Net current assets		<u>1,777</u>	<u>236</u>
Total assets less current liabilities		<u>2,449</u>	<u>471</u>
Creditors: amounts falling due after more than one year	13	5,967	1,896
		<u>(3,518)</u>	<u>(1,425)</u>
Capital and reserves			
Called-up equity share capital	16	164	164
Share premium account	17	3,592	3,508
Other Equity Reserve		27	10
Profit and loss account		(7,301)	(5,107)
Deficit		<u>(3,518)</u>	<u>(1,425)</u>

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

These financial statements were approved by the directors on 31/10/07 and are signed on their behalf by


Director

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

Cash flow statement

	Note	2006 £000	2005 £000
Net cash outflow from operating activities	19	(1,350)	(901)
Returns on investments and servicing of finance	19	35	(27)
Taxation	19	41	-
Capital expenditure and financial investment	19	(523)	(264)
Cash outflow before financing		<u>(1,797)</u>	<u>(1,192)</u>
Financing - issue of new shares	19	3,663	239
Increase/(decrease) in cash	19	<u>1,866</u>	<u>(953)</u>

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

Notes to the financial statements

1 Other operating charges

	2006 £000	2005 £000
Distribution costs	10	14
Administrative expenses	1,614	1,172
	<u>1,624</u>	<u>1,186</u>

2 Other operating income

	2006 £000	2005 £000
Other operating income	<u>10</u>	<u>2</u>

3 Operating loss

Operating loss is stated after charging

	2006 £000	2005 £000
Depreciation of owned fixed assets	86	41
Auditor's fees	7	6
Net loss on foreign currency translation	<u>7</u>	<u>—</u>

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2006 No	2005 No
Number of administrative staff	<u>14</u>	<u>8</u>

The aggregate payroll costs of the above were

	2006 £000	2005 £000
Wages and salaries	711	432
Social security costs	50	32
Other pension costs	22	15
	<u>783</u>	<u>479</u>

Notes to the financial statements

5 Directors

Remuneration in respect of directors was as follows

	2006 £000	2005 £000
Emoluments	191	156
Value of company pension contributions to money purchase schemes	11	10
	<u>202</u>	<u>166</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006 No	2005 No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	2006 £000	2005 £000
Other interest and similar charges	<u>509</u>	<u>235</u>

7 Taxation on ordinary activities

	2006 £000	2005 £000
Current tax		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	-	(54)
Over provision in prior year	-	(47)
	-	(101)
Adjustments to tax charge in respect of previous periods	7	-
Total current tax	<u>7</u>	<u>(101)</u>

8 Intangible fixed assets

	Patents £000
Cost	
At 1 January 2006 and 31 December 2006	678
Amortisation	
At 1 January 2006 and 31 December 2006	(678)
Net book value	
At 31 December 2006	-
At 31 December 2005	-

9 Tangible fixed assets

	Leasehold Property £000	Plant & Machinery £000	Fixtures & Fittings £000	Equipment £000	Total £000
Cost					
At 1 January 2006	45	243	35	20	343
Additions	8	428	70	17	523
At 31 December 2006	53	671	105	37	866
Depreciation					
At 1 January 2006	5	81	17	5	108
Charge for the year	12	55	15	4	86
At 31 December 2006	17	136	32	9	194
Net book value					
At 31 December 2006	36	535	73	28	672
At 31 December 2005	40	162	18	15	235

10 Debtors

	2006 £000	2005 £000
Trade debtors	19	28
Corporation tax repayable	54	102
VAT recoverable	58	31
Prepayments and accrued income	8	15
	139	176

11 Investments

	2006	2005
	£000	£000
Other investments	<u>21</u>	<u>21</u>

12 Creditors: amounts falling due within one year

	2006	2005
	£000	£000
Trade creditors	367	166
PAYE and social security	25	11
Other creditors	4	4
Accruals and deferred income	<u>201</u>	<u>128</u>
	<u>597</u>	<u>309</u>

13 Creditors: amounts falling due after more than one year

	2006	2005
	£000	£000
Shares classed as financial liabilities	<u>5,967</u>	<u>1,896</u>
Shares classed as financial liabilities		
Share capital	550	118
Share premium	<u>4,673</u>	<u>1,543</u>
	<u>5,223</u>	<u>1,661</u>
Unpaid finance charges on shares classed as liabilities	<u>744</u>	<u>235</u>

14 Commitments under operating leases

At 31 December 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2006	2005
	£000	£000
Operating leases which expire		
Within 2 to 5 years	<u>113</u>	<u>94</u>

15 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8, apart from transactions with directors as disclosed in note 5

16 Share capital

Authorised share capital

	2006	2005
	£000	£000
29,033,996 Ordinary shares of £0.01 each	290	211
57,569,545 'A' Ordinary shares of £0.01 each	576	329
	<u>866</u>	<u>540</u>

Post year end, the Authorised Ordinary Share Capital of £0.01 each increased by 3,089,225 to 32,123,221
68,849,347 'B' Ordinary Shares of £0.01 each were authorised on the same date

Allotted and called up

	2006		2005	
	No	£000	No	£000
Ordinary shares of £0.01 each	16,420,099	164	16,420,099	164
'A' Ordinary shares of £0.01 each	57,569,545	576	12,681,403	127
	<u>73,989,644</u>	<u>740</u>	<u>29,101,502</u>	<u>291</u>

FRS 25 - presentation & disclosure of preference shares

In accordance with FRS 25, the company's preference shares are termed Compound Instruments and consist of both debt and equity components. The debt component of the shares is classed as financial liabilities and disclosed within creditors. The equity component is treated as 'Other equity reserves' and forms part of shareholders' funds.

17 Share premium account

	2006	2005
	£000	£000
Balance brought forward	3,508	3,515
Premium on shares issued in the year	3,311	186
FRS 25 Adjustment	(2,639)	(179)
Issue of bonus shares	(588)	-
Share issue expenses	-	(14)
Balance carried forward	<u>3,592</u>	<u>3,508</u>

18 Profit and loss account

	2006 £000	2005 £000
Balance brought forward	(5,107)	(3,876)
Loss for the financial year	(2,194)	(1,231)
Balance carried forward	<u>(7,301)</u>	<u>(5,107)</u>

19 Notes to the statement of cash flows

Reconciliation of operating loss to net cash outflow from operating activities

	2006 £000	2005 £000
Operating loss	(1,713)	(1,124)
Depreciation	86	41
Increase in debtors	(11)	(35)
Increase in creditors	228	217
Net cash outflow from operating activities	<u>(1,350)</u>	<u>(901)</u>

Returns on investments and servicing of finance

	2006 £000	2005 £000
Interest received	35	27
Net cash outflow from returns on investments and servicing of finance	<u>35</u>	<u>27</u>

Taxation

	2006 £000	2005 £000
Taxation	<u>41</u>	<u>-</u>

Capital expenditure and financial investment

	2006 £000	2005 £000
Payments to acquire tangible fixed assets	(523)	(243)
Payment to acquire other current asset investments	-	(21)
Net cash outflow for capital expenditure and financial investment	<u>(523)</u>	<u>(264)</u>

19 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2006 £000	2005 £000
Increase/(decrease) in cash in the period	1,866	(953)
Change in net funds	1,866	(953)
Net cash at 1 January 2006	348	1,301
Net cash at 31 December 2006	2,214	348

Analysis of changes in net debt

	At 1 Jan 2006 £000	Cash flows £000	At 31 Dec 2006 £000
Net cash			
Cash in hand and at bank	348	1,866	2,214
	348	1,866	2,214

20 Capital commitments

There were no capital commitments as at 31 December 2006 or 31 December 2005

21 Post Balance Sheet Event

The company issued 69,847,347 'B' Ordinary Shares at a par value of £0.01 on 25 October 2007. The share price on issue was 15p per share. The share issue resulted in a cash inflow of £10,477,402.

A further 3,089,226 Ordinary Shares at a par value of £0.01 were authorised on the same date.