Registered number: 02652922

ATRAVERDA LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

INDEPENDENT AUDITORS' REPORT TO ATRAVERDA LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 2 to 8, together with the financial statements of Atraverda Limited for the year ended 31 December 2011 prepared under section 396 of the Companies Act 2006

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

This report, including the opinion, has been prepared for and only for the company for the purpose of section 449 of the Companies Act 2006 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared

OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 2 to 8 have been properly prepared in accordance with the regulations made under that section

OTHER INFORMATION

On 22 February 2012 we reported as auditors to the company on the financial statements prepared under section 396 of the Companies Act 2006 and included the following statement

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern The validity of the going concern basis of preparation is dependent on the success of the forthcoming fundraising round with the existing shareholder group

This condition, along with the other matters explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Jason Clarke (Senior statutory auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

22 February 2012

ATRAVERDA LIMITED
REGISTERED NUMBER: 02652922

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Tangible assets	4		**847**		868
CURRENT ASSETS					
Debtors		**732**		465	
Cash at bank		**1,422**		1,901	
		2,154		2,366	
CREDITORS: amounts falling due within one year	5	**(3,334)**		(605)	
NET CURRENT (LIABILITIES)/ASSETS			**(1,180)**		1,761
TOTAL ASSETS LESS CURRENT LIABILITIES			**(333)**		2,629
CREDITORS: amounts falling due after more than one year	6		**(8,590)**		(11,862)
NET LIABILITIES			**(8,923)**		(9,233)
CAPITAL AND RESERVES					
Called up share capital	7		**164**		164
Share premium account			**14,449**		14,449
Other reserves			**1,542**		971
Profit and loss account			**(25,078)**		(24,817)
SHAREHOLDERS' DEFICIT			**(8,923)**		(9,233)

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on 22 February 2012

G Ryan
Director

The notes on pages 3 to 8 form part of these financial statements

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1 2 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future

The Company is currently in the pre revenue phase of its development and, in incurring a loss before interest and tax for the year ended 31 December 2011 of £3,842,000 (2010 £3,618,000), has relied upon shareholders and directors for financial support, which has historically been provided by equity share capital

During the year the directors have examined various options for providing the Company with the resources it will require to execute its long term strategy and to ensure the Company's ability to continue in operational existence Management has prepared cash flow projections for the 2 year period to 31 December 2013 These projections indicate that the Company will require a further cash injection during 2012 in order to continue in operational existence The directors are confident that additional funding will be obtained and, at the date of approval of these financial statements, discussions with potential investors are progressing well The directors estimate that this potential funding will provide sufficient resources to allow the Company to continue trading for a minimum of a further twelve months

In the event that the additional funding is not secured then the Company would be unable to continue within the current finances available and, therefore, would require further cash injection in order to continue in operational existence

This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern Nevertheless after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future It is on this basis that the directors consider it appropriate to prepare the financial statements on the going concern basis The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

1.3 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008)

1 4 Operating expenses

All cost of sales balances have been shown in operating costs as they relate specifically to the R&D costs associated with the business

1 5 Research and development

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

1 ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

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

Plant & machinery	-	20% - 50% on cost
Fixtures & fittings	-	20% - 33 3% on cost
Equipment	-	20% - 33 3% on cost
Assets under construction	-	0% on cost

1 7 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

1 8 Pensions

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund

1.9 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

1 10 Share Based Payments

The Company has issued share options, under an Enterprise Management Incentive Scheme (EMI) and Management Incentive Scheme (MIS,) to a number of employees during the year The schemes are considered to be equity settled share based payment arrangements These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities which does not require equity settled share based payment arrangements to be recognised as an expense

1 ACCOUNTING POLICIES (continued)

1.11 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

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

1 12 Government grants

Grants related to expenditure on tangible fixed assets are credited to the profit and loss account over a period approximating to the lives of qualifying assets Total grants receivable less the amounts credited to the profit and loss account at the balance sheet date are included in the balance sheet as deferred income

2. FIXED ASSET INVESTMENTS

	£000
Cost or valuation	
At 1 January 2011	-
Additions	102
At 31 December 2011	102
Impairment	
At 1 January 2011	-
Charge for the year	102
At 31 December 2011	102
Net book value	
At 31 December 2011	-
At 31 December 2010	-

Subsidiary undertakings

The following were subsidiary undertakings of the company

3. INTANGIBLE FIXED ASSETS

	£000
Cost	
At 1 January 2011 and 31 December 2011	678
Amortisation	
At 1 January 2011 and 31 December 2011	678
Net book value	
At 31 December 2011	-
At 31 December 2010	-

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

4. TANGIBLE FIXED ASSETS

	£000
Cost	
At 1 January 2011	**2,512**
Additions	**391**
At 31 December 2011	**2,903**
Depreciation	
At 1 January 2011	**1,644**
Charge for the year	**412**
At 31 December 2011	**2,056**
Net book value	
At 31 December 2011	**847**
At 31 December 2010	868

5. CREDITORS: Amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	**469**	347
Social security and other taxes	**41**	38
Interest payable	**105**	-
Convertible loan	**2,429**	-
Accruals and deferred income	**266**	200
Other creditors	**24**	20
	3,334	605

Deferred income includes grant monies held on the balance sheet, released to the P&L over a 4 year period The amount is split between creditors falling due within one year (2011 and 2010 £75,000) and creditors falling due after more than one year (2011 £94,000 and 2010 £169,000) and relates to the purchase of fixed assets There are no unfulfilled conditions associated with this government grant

The convertible loan relates to a loan of £3,000,000 obtained in August 2011 which carries a coupon of 10% per annum and which is secured over the assets of the Company This loan is redeemable upon the occurrence of certain events with increased coupon rates for certain providers of this loan If there is a further round of equity funding then this loan may convert to shares at preferable rates and terms If no conversion event occurs prior to 31 December 2012 the convertible loan become repayable and certain premiums crystallise The premiums associated with repayment have not been accrued at 31 December 2011

The value of the interest to 31 December 2011 has been disclosed separately above and the fair value of the debt element has been classified as < 1 year as the latest maturity date is 31 December 2012 £571,000 has been deemed to be the equity element of the convertible loan and has been disclosed within other reserves in equity as can be seen in note 7

6 CREDITORS.

Amounts falling due after more than one year

	2011 £'000	2010 £'000
Deferred income	**94**	169
Shares classed as financial liabilities (Note 7)	**8,496**	11,693
	8,590	11,862

Shares classed as financial liabilities

	2011 £'000	2010 £'000
Share capital and share premium	**3,804**	3,804
Unpaid finance charges on shares classed as liabilities	**4,692**	7,889
	8,496	11,693

Finance costs of £4,692,000 have been charged up to 31 December 2011 in respect of the debt component (2010 £7,889,000) on the shares classed as liabilities These finance costs remain unpaid at 31 December 2011 and relate to the premium payable on their redemption

7. SHARE CAPITAL

	2011 £000	2010 £000
Shares classified as capital		
Allotted, called up and fully paid		
16,420,999 (2010 - 16,420,999) Ordinary shares of £0 01 each	**164**	164
Shares classified as debt		
Allotted, called up and fully paid		
57,569,545 (2010 - 57,569,545) 'A' Ordinary shares of £0 01 each	**576**	576
69,849,347 (2010 - 69,849,347) 'B' Ordinary shares of £0 01 each	**698**	698
	1,274	1,274

FRS 25 presentation and disclosure of 'A' and 'B' ordinary shares

In accordance with FRS 25, the company's 'A' and 'B' ordinary 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 fair value of the equity components was estimated to be £971,000 (2010 £971,000), which is disclosed on the balance sheet as 'other equity reserves' The remaining balance of £11,204,000 relates to the premium on issue attributable to the equity component and is disclosed as share premium

Also disclosed within other reserves is £571,000 (2010 £Nil) which is the fair value of the equity component of the new £3m convertible loan instrument issued in the year

The balance of the monies received on issue of the shares of £3,804,000 (2010 £3,804,000) has been recorded as debt and is disclosed as such within note 6