

Company Registration No. 3824741 (England and Wales)

ACARIS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007



ACARIS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Dr A Cooke Dr R Pirzad |
| Secretary | Dr A Cooke |
| Company number | 3824741 |
| Registered office | Anglia House 285 Milton Road Cambridge CB4 1XQ |
| Auditors | Ensors Anglia House 285 Milton Road Cambridge CB4 1XQ |
| Bankers | Barclays Bank Plc Barclays Business Centre 28 Chesterton Road Cambridge CB4 3AZ |

ACARIS LIMITED

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ACARIS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the company is the collection of royalty payments. These are in connection with patent applications and licences assigned to a third party for the development of products designed to detect allergens as part of an integrated allergen avoidance programme.

Directors

The following directors have held office since 1 January 2007

Dr A Cooke

Dr R Pirzad

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ensors be reappointed as auditors of the company will be put to the Annual General Meeting.

ACARIS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Directors' responsibilities

The directors are responsible for preparing 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

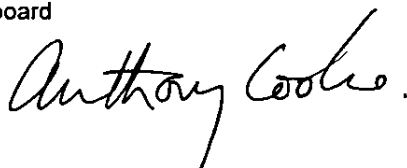
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

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

By order of the board



Dr A Cooke
Secretary

30 JUL 2008

ACARIS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ACARIS LIMITED

We have audited the financial statements of Acaris Limited for the year ended 31 December 2007 set out on pages 5 to 10. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 judgements 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.

ACARIS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF ACARIS LIMITED

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 2007 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

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the notes to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £2,950 during the year ended 31 December 2007 and at that date the company's current liabilities exceeded its total assets by £1,175,359. These conditions, along with the other matters explained in the notes to the financial statements, indicated 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.

Ensors

Chartered Accountants

Registered Auditor

30 JUL 2008



Anglia House
285 Milton Road
Cambridge
CB4 1XQ

ACARIS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

| | | 2007 | 2006 |
|---|-------|---------|----------|
| | Notes | £ | £ |
| Turnover | | - | 508 |
| Distribution costs | | 1,317 | (2,844) |
| Administrative expenses | | (4,267) | (12,240) |
| | | | |
| Loss on ordinary activities before taxation | 2 | (2,950) | (14,576) |
| Tax on loss on ordinary activities | 3 | - | - |
| | | | |
| Loss for the year | 9 | (2,950) | (14,576) |

ACARIS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

| | Notes | 2007 £ | £ | 2006 £ | £ |
|--|-------|-----------------|--------------------|-----------------|--------------------|
| Current assets | | | | | |
| Debtors | 4 | 1,833 | | 507 | |
| Cash at bank and in hand | | 430 | | 711 | |
| | | <u>2,263</u> | | <u>1,218</u> | |
| Creditors, amounts falling due within one year | 5 | <u>(61,283)</u> | | <u>(50,446)</u> | |
| Total assets less current liabilities | | | (59,020) | | (49,228) |
| Creditors, amounts falling due after more than one year | 6 | | <u>(1,116,339)</u> | | <u>(1,123,181)</u> |
| | | | <u>(1,175,359)</u> | | <u>(1,172,409)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 5,100 | | 5,100 |
| Share premium account | 9 | | 7,350 | | 7,350 |
| Profit and loss account | 9 | | <u>(1,187,809)</u> | | <u>(1,184,859)</u> |
| Shareholders' funds | | | <u>(1,175,359)</u> | | <u>(1,172,409)</u> |

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 2007)

Approved by the Board for issue on

30 JUL 2008



Dr R Pirzad
Director

ACARIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Following a review of the company's key agreements with third parties, the future timing and amount of revenues likely to be earned from royalty income is inherently uncertain. Consequently, in the short to medium term (1 to 3 years) funds to pay liabilities as they fall due will be provided, as far as possible, by the company's ultimate parent undertaking in the form of loans from the directors

This uncertainty is the result of a decision made by the third parties to cease all further commercial activity with the company's product Enzylerl and its related products

In light of the above risks, the directors have reviewed the third parties efforts to relicence any or all of the Enzylerl technology to new third parties. As a result of this review the directors believe it remains appropriate to present the accounts on a going concern basis, because the relicencing of Enzylerl is feasible. The accounts therefore exclude any adjustments to carrying values that might be necessary, should the company be unable to continue in operation for the foreseeable future

The company continues on the basis that its creditors will not withdraw their financial support and the directors will meet liabilities as and when they become due

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

The turnover shown in the profit and loss account represents royalties received during the year, exclusive of Value Added Tax. All turnover relates to the United Kingdom

1.4 Pensions

Defined contributions are made to directors' and employees' personal pension plans. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments at the balance sheet date

1.5 Research and development

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

2 Operating loss

| | 2007 | 2006 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating loss is stated after charging | | |
| Auditors' remuneration | 2,400 | 2,000 |
| Directors' emoluments | - | 167 |
| | <u> </u> | <u> </u> |

ACARIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

3 Taxation

The company has estimated losses of £ 917,305 (2006 - £ 916,159) available for carry forward against future trading profits

There is no charge to corporation tax arising on the results of the current period

| 4 Debtors | 2007 £ | 2006 £ |
|---------------|--------------|------------|
| Trade debtors | 507 | 507 |
| Other debtors | 1,326 | - |
| | <u>1,833</u> | <u>507</u> |

| 5 Creditors, amounts falling due within one year | 2007 £ | 2006 £ |
|--|---------------|---------------|
| Trade creditors | 37,273 | 46,936 |
| Other creditors | 24,010 | 3,510 |
| | <u>61,283</u> | <u>50,446</u> |

| 6 Creditors: amounts falling due after more than one year | 2007 £ | 2006 £ |
|---|------------------|------------------|
| Amounts owed to group undertakings | <u>1,116,339</u> | <u>1,123,181</u> |
| Analysis of loans | | |
| Wholly repayable within five years | <u>1,116,339</u> | <u>1,123,181</u> |

ACARIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

7 Pension costs

The company had contributed to individual directors' and employees' personal pension plans although these contributions ceased in the previous year

The assets of the schemes were held separately from those of the company in independently administered funds. The commitment under these schemes amounted to £nil (2006 £167) in respect of directors and £nil (2006 £158) in respect of employees. The company had no potential liability other than for the payment of these commitments.

No amounts were outstanding or prepaid at the balance sheet date

Defined contribution

| | 2007 £ | 2006 £ |
|---|-----------|-----------|
| Contributions payable by the company for the year | - | 326 |

8 Share capital

| | 2007 £ | 2006 £ |
|---|-----------|-----------|
| Authorised | | |
| 255,000 Ordinary shares of 2p each | 5,100 | 5,100 |
| Allotted, called up and fully paid | | |
| 255,000 Ordinary shares of 2p each | 5,100 | 5,100 |

9 Statement of movements on reserves

| | Share premium account £ | Profit and loss account £ |
|-----------------------------|----------------------------------|------------------------------------|
| Balance at 1 January 2007 | 7,350 | (1,184,859) |
| Loss for the year | - | (2,950) |
| Balance at 31 December 2007 | 7,350 | (1,187,809) |

There was no movement on the share premium account during the financial year

ACARIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

10 Control

The company's immediate and ultimate parent undertaking is Acaris Healthcare Solutions plc, a company registered in England and Wales

Copies of Acaris Healthcare Solutions plc accounts, which include the company, are available from Companies House, Crown Way, Cardiff CF14 3UZ

The company is controlled by Dr R Pirzad and Dr A Cooke, by virtue of their controlling interests in the issued ordinary share capital of the company's ultimate parent undertaking, Acaris Healthcare Solutions plc

11 Related party transactions

At the year end, Dr A Cooke, a director of the company, was owed £1,210 from the company (2006 - £1,210) Dr R Pirzad, a director of the company, was owed £20,000 (2006 - £nil) These loans are non interest bearing and have no fixed date for repayment

During the year the company paid Dr R Pirzad, a director £nil (2006 - £3,000) for consultancy fees and £nil (2006 - £71) for travel costs incurred

At the year end the company owed Acaris Healthcare Solutions plc £1,116,339 (2006 - £1,123,181)

The company is a wholly owned subsidiary of Acaris Healthcare Solutions plc, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with members or investees of the group