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**HELIODYNAMICS LIMITED**

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**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**



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**HELIODYNAMICS LIMITED**

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**HELIODYNAMICS LIMITED**

**ABBREVIATED BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	3	27,337	-
Fixed asset investments	4	5,500	5,500
		<u>32,837</u>	<u>5,500</u>
<b>CURRENT ASSETS</b>			
Debtors		27,368	139
Cash at bank		974,489	57,706
		<u>1,001,857</u>	<u>57,845</u>
<b>CREDITORS</b> amounts falling due within one year		<u>(100,981)</u>	<u>(106,176)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>900,876</u>	<u>(48,331)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>933,713</u>	<u>(42,831)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	1,521,284	21,284
Share premium account		246,617	246,617
Profit and loss account		(834,188)	(310,732)
<b>SHAREHOLDERS' FUNDS</b>		<u>933,713</u>	<u>(42,831)</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2006 and of its loss for the year then ended in accordance with the requirements of section 226 of the Act and which otherwise comply with the requirements of the Companies Act 1985 relating to the financial statements so far as applicable to the company.

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved and authorised for issue by the board and were signed on its behalf on 15 May 2007.

  
H Huque  
Director

The notes on pages 2 to 5 form part of these financial statements

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## HELIODYNAMICS LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 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 January 2005)

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 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 January 2005).

##### 1.3 Turnover and other income

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer Equipment	-	33 33% straight line
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##### 1.5 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

##### 1.7 Tangible fixed assets

The company's policy is to capitalise assets with an acquisition cost exceeding £500. No such assets were acquired during the accounting period.

##### 1.8 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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HELIODYNAMICS LIMITED

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NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

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1. ACCOUNTING POLICIES (continued)

1.9 Government grants

Government grants are credited to the profit and loss account as the related expenditure is incurred

1 10 Going Concern

The Company is a going concern and, in June 2006, entered into an investment Agreement of £2.5 million (to be paid into the Company in tranches)

2. RECLASSIFICATION OF ADMINISTRATIVE EXPENSES AND OTHER INCOME

The heading 'Administrative expenses' which is specified in the Companies Act 1985 has been altered in favour of two separate headings of 'Engineering expenses' and 'Administrative expenses'

The heading 'Other operating income' which is specified in the Companies Act 1985 has been altered in favour of the heading 'Licensing fees and grants received'

The directors consider that these headings more accurately describe the nature and substance of the expenses and income than that prescribed by the Companies Act 1985

3 TANGIBLE FIXED ASSETS

	£
<b>Cost</b>	
Additions	30,513
At 31 December 2006	<u>30,513</u>
<b>Depreciation</b>	
Charge for the year	3,176
At 31 December 2006	<u>3,176</u>
<b>Net book value</b>	
At 31 December 2006	<u>27,337</u>
At 31 December 2005	<u>-</u>

4 FIXED ASSET INVESTMENTS

	£
<b>Cost or valuation</b>	
At 1 January 2006 and 31 December 2006	<u>5,500</u>

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## HELIODYNAMICS LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 4 FIXED ASSET INVESTMENTS (continued)

##### Subsidiary undertaking

The following was a subsidiary undertaking of the company

Heliodynamics Inc	Wholly owned subsidiary registered in the USA
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The aggregate of the share capital and reserves as at 31 December 2006 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Heliodynamics Inc	(61,049)	(62,063)

#### 5 SHARE CAPITAL

	2006 £	2005 £
<b>Authorised</b>		
15,500,000 Ordinary shares of 4p each	620,000	40,000
2,500,000 'A' Preference shares of £1 each	2,500,000	-
	<u>3,120,000</u>	<u>40,000</u>
<b>Allotted, called up and fully paid</b>		
532,090 Ordinary shares of 4p each	21,284	21,284
1,500,000 'A' Preference shares of £1 each	1,500,000	-
	<u>1,521,284</u>	<u>21,284</u>

On 17 April 2006 the authorised share capital of the company was increased from £40,000 to £120,000 by the creation of an additional 2 million ordinary shares of 4p each

On 1 June 2006 the authorised share capital of the company was increased from £120,000 to £3,120,000 by the creation of an additional 12,500,000 ordinary shares of 4p each and 2,500,000 'A' Preference shares of £1 each

During the period allotments of 1,500,000 £1 'A' Preference shares were made at par

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## HELIODYNAMICS LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### **6 SHARE OPTIONS**

Share options have been granted to directors involved with the development of the company to its initial investment stage. These options have been granted on the basis on the Enterprise Management Incentives (EMI) regulations to those Directors who fulfil the necessary tax criteria.