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**HELIODYNAMICS LIMITED**

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**ABBREVIATED ACCOUNTS**

**FOR THE PERIOD ENDED  
31 DECEMBER 2002**



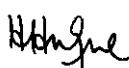
# HELIODYNAMICS LIMITED

## ABBREVIATED BALANCE SHEET As at 31 December 2002

	Note	31 December 2002		30 September 2001	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investments	2		5,500		-
<b>CURRENT ASSETS</b>					
Debtors		47,912		20	
Cash at bank		903		-	
		<u>48,815</u>		<u>20</u>	
<b>CREDITORS:</b> amounts falling due within one year		(93,876)		-	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(45,061)		20
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		£	<u>(39,561)</u>	£	<u>20</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	3		19,375		20
Share premium account			153,760		-
Profit and loss account			(212,696)		-
<b>SHAREHOLDERS' FUNDS</b>		£	<u>(39,561)</u>	£	<u>20</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 period 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 Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its loss for the period then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act 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 by the board on 29 May 2003 and signed on its behalf.

  
Habib Huque  
Director

The notes on pages 2 to 3 form part of these financial statements.

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the period ended 31 December 2002**

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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 June 2002).

**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 June 2002).

**1.3 Turnover and other income**

The company has no turnover for the period.

Other income comprises Licensing fees and grants received, the sale of licencing agreements by the company and the Research and Development grant received, exclusive of Value Added Tax.

**1.4 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.

**1.5 Research and development**

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

**1.6 Government grants**

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

**1.7 Going Concern**

Dutch financial services firm Kylla was appointed on 1 May 2003 with the objective of raising € 1 million within 4 months of that date and a further sum amounting to € 6.5 million within 3 months thereafter.

The initial fee of € 3,000 has been paid. Further fees will become payable as follows:

- a) € 5,661 (exclusive of Dutch Vat) upon signature of a term sheet.
- b) 3.85% (exclusive of Dutch Vat) of the actual capital successfully raised by Kylla.

The agreement also provides for a "penalty fee" of 1.5% on the amount of equity capital raised from other sources (except certain named "other" sources) during the term of the Agreement.

The above is in addition to the services of Enterprise Corporate Finance Limited which is already in place.

The immediate funding needs will be covered by the Research and Development Tax Credit due to the company.

The directors therefore consider the company to be carrying on business as a going concern.

# HELIODYNAMICS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the period ended 31 December 2002

### 2. FIXED ASSET INVESTMENTS

	£
Cost	
Additions	5,500
At 31 December 2002	<u>£ 5,500</u>

#### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Heliodynamics Inc

Wholly owned subsidiary  
registered in the USA.

The aggregate of the share capital and reserves as at 31 December 2002 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	290	(5,210)

### 3. SHARE CAPITAL

	31 December 2002 £	30 September 2001 £
<b>Authorised</b>		
1,000,000 Ordinary shares of 4p each	£ 40,000	£ 1,600
<b>Allotted, called up and fully paid</b>		
31,000 Ordinary shares of 4p each	£ 1,240	£ -
<b>Allotted, called up and partly paid</b>		
453,374 Ordinary shares of 4p each	18,135	20
	<u>£ 18,135</u>	<u>£ 20</u>

During the period the authorised share capital was increased by £38,400 by the creation of 960,000 shares of £0.04 each.

During the period 452,874 ordinary shares of £0.04 each were allotted at par and a further 31,000 shares were issued at a premium of £4.96 per share.