



Financial statements Intrinsiq Materials Limited

For the Year Ended 31 December 2010



Company No. 04244598

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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 2010

Principal activities

The principal activity of the company during the year was the exploitation of applications for nanomaterials including research, marketing, manufacture and sales

Directors

The directors who served the company during the year were as follows

Mr J Tudor
Mr R Dixon
Mr S Lake

Mr J Tudor resigned on the 12 May 2011
Mr S Lake resigned on the 12 May 2011

Mr J C Stoffel was appointed on 12 May 2011
Mr J J Coronas was appointed on 12 May 2011
Mr R F Cournoyer was appointed on 12 May 2011

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Report of the directors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

ON BEHALF OF THE BOARD



JJ Coronas
Director



Grant Thornton

Independent auditor's report to the members of Intrinsic Materials Limited

We have audited the financial statements Intrinsic Materials Limited for the year ended 31 December 2010 which comprise profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report

Grant Thornton UK LLP

Mark Aldridge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

28/09/2011

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 April 2008)

Going Concern

The company is dependent on the continued support of its parent company Intrinsiq Materials Cayman Limited. Intrinsiq Materials Cayman Limited is in turn dependent on the support of Trillium International-I, LP and Trillium International- II, LP, limited partnership venture capital funds whose primary limited partners are QinetiQ Holdings Limited and Collier International Partners V-A LP and whose general partner is Trillium International-I GP, LLC. The general partner is confident that the required funds will be available to support the company until the point that the company no longer requires funding support. The directors have no reason to believe that continued support will not be made available. The general partner and the company's parent undertaking have also confirmed that they will not seek repayment of any existing debt for at least 12 months post the date of signing these financial statements.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The accounts do not reflect the adjustments that would have to be made should continuing finance not be available, namely reducing the value of the assets to their realisable amounts, providing for any further liabilities which might arise and reclassifying all fixed assets and long term liabilities as current assets and liabilities respectively.

Turnover

Turnover from government grants is recognised in the profit and loss so as to match it with the expenditure towards which it is intended to contribute. Other turnover represents amounts invoiced in respect of the delivery of goods and the provision of services.

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:

Plant & Machinery	- 7 to 10 years
Equipment	- 3 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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.

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss accounts as they become payable in accordance with the rules of the scheme.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Convertible Loans

Convertible loans are presented in accordance with the substance of the contractual arrangements. The terms of the arrangements are such that they have been disclosed as long term loans.

Profit and loss account

	Note	2010 £000	2009 £000
Turnover		1,584	2,934
Cost of sales		677	861
Gross profit		907	2,073
Other operating charges	1	1,393	1,985
Operating (loss)/profit	2	(486)	88
Interest receivable	4	1	4
Interest payable and similar charges		(123)	(130)
Loss on ordinary activities before taxation		(608)	(38)
Tax on loss on ordinary activities		(65)	(77)
(Loss)/profit for the financial year	12	(543)	39

All of the activities of the company are classed as continuing

The company has not recognised gains or losses other than the results for the year as set out above

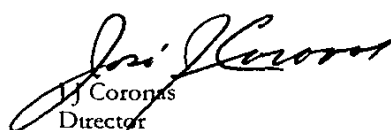
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	5	<u>1,089</u>	<u>1,416</u>
Current assets			
Stocks		—	30
Debtors	6	<u>1,970</u>	<u>3,080</u>
Cash at bank		<u>123</u>	<u>65</u>
		<u>2,093</u>	<u>3,175</u>
Creditors, amounts falling due within one year	7	<u>987</u>	<u>1,671</u>
Net current assets		<u>1,106</u>	<u>1,504</u>
Total assets less current liabilities		<u>2,195</u>	<u>2,920</u>
Creditors, amounts falling due after more than one year	8	<u>3,555</u>	<u>3,707</u>
Government grants	9	<u>129</u>	<u>159</u>
		<u>(1,489)</u>	<u>(946)</u>
Capital and reserves			
Called-up equity share capital	11	<u>9,714</u>	<u>9,714</u>
Profit and loss account	12	<u>(11,203)</u>	<u>(10,660)</u>
Deficit		<u>(1,489)</u>	<u>(946)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 28/09/2011 and are signed on their behalf by


 J. Coronas
 Director

Company Registration Number 04244598

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

Notes to the financial statements

1 Other operating charges

	2010 £000	2009 £000
Distribution costs	343	352
Administrative expenses	1,050	1,633
	<u>1,393</u>	<u>1,985</u>

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2010 £000	2009 £000
Amortisation of government grants	(30)	(30)
Depreciation of owned fixed assets	343	352
Auditor's fees	7	6
Net profit on foreign currency translation	<u>(1)</u>	<u>—</u>

3 Directors

Remuneration in respect of directors was as follows

	2010 £000	2009 £000
Remuneration	83	—
Value of company pension contributions to money purchase schemes	4	—
	<u>87</u>	<u>—</u>

During the year one (2009 Nil) directors participated in the money purchase pension scheme

4 Interest receivable

	2010 £000	2009 £000
Other loan interest receivable	1	—
Interest from group undertakings	—	4
	<u>1</u>	<u>4</u>

5 Tangible fixed assets

	Plant & Machinery £000	Equipment £000	Asset held for sale £000	Total £000
Cost				
At 1 January 2010	2,638	128	–	2,766
Additions	15	1	–	16
Transfers	(993)	–	993	–
At 31 December 2010	<u>1,660</u>	<u>129</u>	<u>993</u>	<u>2,782</u>
Depreciation				
At 1 January 2010	1,292	58	–	1,350
Charge for the year	304	39	–	343
Transfers	(721)	–	721	–
At 31 December 2010	<u>875</u>	<u>97</u>	<u>721</u>	<u>1,693</u>
Net book value				
At 31 December 2010	<u>785</u>	<u>32</u>	<u>272</u>	<u>1,089</u>
At 31 December 2009	<u>1,346</u>	<u>70</u>	<u>–</u>	<u>1,416</u>

6 Debtors

	2010 £000	2009 £000
Trade debtors	171	214
Amounts owed by group undertakings	1,635	2,694
Corporation tax repayable	65	–
Other debtors	99	172
	<u>1,970</u>	<u>3,080</u>

No formal repayment terms exist for the amount owed from group undertakings and a proportion may be repaid in more than one year

7 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	263	1,530
Amounts owed to group undertakings	32	33
Other taxation and social security	27	–
Other creditors	665	108
	<u>987</u>	<u>1,671</u>

8 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Amounts owed to group undertakings	<u>3,555</u>	<u>3,707</u>

There are conversion rights attached to the amounts owed to group undertakings. The number of shares which the lender will be entitled to on the date of conversion will vary depending on market value at the date of conversion. In accordance with FRS 25 they have been disclosed as amounts owed to group undertaking.

9 Government grants

	2010 £000	2009 £000
Received and receivable		
At 1 January 2010 and 1 January 2009	<u>212</u>	<u>212</u>
At 31 December 2010 and 2009	<u>212</u>	<u>212</u>
Amortisation		
At 1 January 2010	53	23
Credit to profit and loss account	<u>30</u>	<u>30</u>
At 31 December 2010 and 2009	<u>83</u>	<u>53</u>
Net balance at 31 December 2010 and 2009	<u>129</u>	<u>159</u>

10 Related party transactions

The Company's sole shareholder is Intrinsiq Materials Cayman Limited, which in turn is 100% owned by Cody Gate Ventures Holdings Limited, which holds the shares of Intrinsiq Materials Cayman Limited in trust for the benefit of Cody Gate Ventures I LP, a limited partnership venture capital fund whose primary limited partners are QinetiQ Holdings Limited and Collier International Partners V-A L P and whose General Partner is Cody Gate Ventures GP Limited.

Cody Gate Ventures Holdings Limited also holds preference shares in Intrinsiq Materials Cayman Limited in trust for Cody Gate Ventures I LP and Cody Gate Ventures II LP each of which is a limited partnership venture capital fund whose primary limited partners are QinetiQ Holdings Limited and Collier International Partners V-A L P and whose General Partner is Cody Gate Ventures GP Limited.

During the year the company's parent company and sister companies, Intrinsiq Materials USA Inc and Intrinsiq Materials Global Limited together with companies associated with QinetiQ Holdings Limited and Cody Gate Ventures GP Limited provided secondees, legal, administrative and other services to the Company on an arms-length basis.

10 Related party transactions (continued)

Costs incurred during the year in respect of the above services were

- Cody Gate Services Limited £24,000 Cody Gate Services Limited also recharged invoices totalling £15,941
- QinetiQ Limited £750,721
- Intrinsiq Cayman Limited £11,945

During the year the company settled all pre September 2010 debts owed to QinetiQ Holdings Limited via the restructuring of inter-company debt. In September 2010 the company settled £1,837,000 of the debt owed to QinetiQ Holdings Limited and wrote off £150,923. The amount was settled via a restructuring of the debt to Intrinsiq Materials Global Limited and as a result the amount owed from Intrinsiq Materials Global Limited was reduced by the £1,837,000.

There are trade creditors and accruals due to

- Cody Gate Services Limited of £80,111 (31 December 2009 £35,971)
- QinetiQ Limited of £67,592 (31 December 2009 £1,367,749)
- Intrinsiq Cayman Limited £32,300 (31 December 2009 £33,355)

Sales during the period were as follows

- Intrinsiq Materials Global Limited £1,212,290 (31 December 2009 £2,324,152)

At 31 December 2010 there were no (31 December 2009 none) outstanding debtor balances due QinetiQ Holdings Limited, Collier International Partners V-A L P or Cody Gate Ventures GP Limited.

There are trade debtors due from

- Intrinsiq Materials Global Limited £1,553,685 (31 December 2009 £2,621,221)
- Intrinsiq Materials Inc £73,646
- Intrinsiq Materials Cayman Limited £7,930

During the year the Company received loans from its parent company, Intrinsiq Materials Cayman Limited of £338,000 and repaid amounts of £613,100 at 31 December 2010 the balance is £3,555,012 of which £455,112 is interest. At 31 December 2009 the balance of loans from Intrinsiq Materials Cayman Limited was £3,707,217 of which £332,217 is interest.

11 Share capital

Authorised share capital

	2010 £000	2009 £000
10,000,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

11 Share capital (continued)

Allotted, called up and fully paid

	2010		2009	
	No	£000	No	£000
9,713,815 Ordinary shares of £1 each	<u>9,713,815</u>	<u>9,714</u>	<u>9,713,815</u>	<u>9,714</u>

12 Profit and loss account

	2010 £000	2009 £000
Balance brought forward	(10,660)	(10,699)
(Loss)/profit for the financial year	<u>(543)</u>	<u>39</u>
Balance carried forward	<u>(11,203)</u>	<u>(10,660)</u>

13 Parent company

The ultimate parent company is Cody Gate Management Company Limited which holds 100% of Cody Gate Ventures GP Limited, which in turn holds 100% Cody Gate Ventures Holdings Limited, which holds the majority of the shares in Intrinsiq Materials Limited

14 Post balance sheet event

Post year end Cody Gate Ventures I LP, a limited partnership venture capital fund changed its name to Trillium International-I LP Cody Gate Ventures II LP changed its name to Trillium International-II LP

Trillium International-I Holding Limited holds the shares in trust for Trillium International-I LP Trillium International-II Holding Limited holds the shares in trust for Trillium International-II LP

The ultimate parent company is considered to be Trillium International-I GP, LLC which is the general partner