

Abbreviated Accounts for the Year Ended 30th June 2007

for

Reaxa Limited

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Reaxa Limited

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for the Year Ended 30th June 2007

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Reaxa Limited

Company Information
for the Year Ended 30th June 2007

DIRECTORS

Dr P Jackson
Dr A D Morris
R E Davies
Dr D A Pears
J R Clipsham
Dr R Ananthanarayanan

SECRETARY:

Dr A D Morris

REGISTERED OFFICE

Hexagon Tower
Blackley
Manchester
M9 8ZS

REGISTERED NUMBER

04884654 (England and Wales)

AUDITORS

Hammond McNulty
Bank House
Market Square
Congleton
Cheshire
CW12 1ET

Report of the Independent Auditors to
Reaxa Limited
Under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages three to six, together with the financial statements of Reaxa Limited for the year ended 30th June 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" 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 to be delivered are properly prepared.

Other information

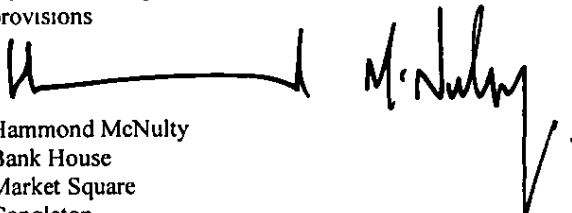
On 3rd August 2007 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 30th June 2007 prepared under Section 226 of the Companies Act 1985, and our report included the following extract:

"Fundamental uncertainty"

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of negotiations for additional finance. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect."

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.


Hammond McNulty
Bank House
Market Square
Congleton
Cheshire
CW12 1ET

Date 3 August 2007

Reaxa Limited

Abbreviated Balance Sheet
30th June 2007

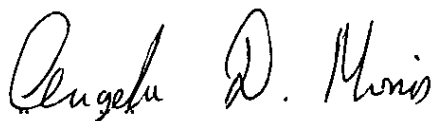
| | | 30/6/07 | 30/6/06 as restated |
|--|-------|--------------------|------------------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 2 | 1,473,334 | 1,586,667 |
| Tangible assets | 3 | <u>85,008</u> | <u>123,736</u> |
| | | 1,558,342 | 1,710,403 |
| CURRENT ASSETS | | | |
| Stocks | | 74,120 | 91,500 |
| Debtors | | 118,739 | 206,517 |
| Cash at bank | | <u>21,687</u> | <u>504,229</u> |
| | | 214,546 | 802,246 |
| CREDITORS | | | |
| Amounts falling due within one year | | <u>250,687</u> | <u>108,944</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(36,141)</u> | <u>693,302</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,522,201</u> | <u>2,403,705</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 4 | 1,000 | 1,001 |
| Share premium | | 3,302,450 | 3,302,450 |
| Profit and loss account | | <u>(1,781,249)</u> | <u>(899,746)</u> |
| SHAREHOLDERS' FUNDS | | <u>1,522,201</u> | <u>2,403,705</u> |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board of Directors on its behalf by

3rd August 2007

and were signed on



Dr A D Morris - Director

The notes form part of these abbreviated accounts

Reaxa Limited

Notes to the Abbreviated Accounts
for the Year Ended 30th June 2007

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Intangible fixed assets

Intangible fixed assets represent intellectual property totalling £1,700,000 which will be amortised over 15 years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Motor vehicles - 25% on cost

Computer equipment - 33% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Pensions

The company operates a defined contribution pension scheme Contributions payable for the year are charged in the profit and loss account

Going Concern

The company is in the final stages of a second round of funding application

A private equity firm has made an indicative offer which has been accepted by the Board but which is subject to satisfactory due diligence and other investment processes

Accordingly the directors consider that it is appropriate to prepare these financial statements on a going concern basis

2 INTANGIBLE FIXED ASSETS

| | Total £ |
|-----------------------|------------------|
| COST | |
| At 1st July 2006 | |
| and 30th June 2007 | <u>1,700,000</u> |
| AMORTISATION | |
| At 1st July 2006 | 113,333 |
| Charge for year | <u>113,333</u> |
| At 30th June 2007 | <u>226,666</u> |
| NET BOOK VALUE | |
| At 30th June 2007 | <u>1,473,334</u> |
| At 30th June 2006 | <u>1,586,667</u> |

Reaxa Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 30th June 2007**

3 TANGIBLE FIXED ASSETS

| | Total £ |
|-----------------------|----------------|
| COST | |
| At 1st July 2006 | 151,582 |
| Additions | <u>1,747</u> |
| At 30th June 2007 | <u>153,329</u> |
| DEPRECIATION | |
| At 1st July 2006 | 27,846 |
| Charge for year | <u>40,475</u> |
| At 30th June 2007 | <u>68,321</u> |
| NET BOOK VALUE | |
| At 30th June 2007 | <u>85,008</u> |
| At 30th June 2006 | <u>123,736</u> |

4 CALLED UP SHARE CAPITAL

| Authorised Number | Class | Nominal value | 30/6/07 | 30/6/06 as restated |
|----------------------|--------------|------------------|--------------|------------------------|
| | | | £ | £ |
| 400 | Ordinary "B" | £0 10 | 40 | 40 |
| 3,831 | Ordinary "E" | £0 10 | 383 | 383 |
| 4,754 | Ordinary "A" | £0 10 | 475 | 467 |
| (30/6/06 - 4,669) | | | | |
| 2,157 | Ordinary "C" | £0 10 | 216 | 216 |
| 1,943 | Ordinary "D" | £0 10 | <u>194</u> | <u>194</u> |
| | | | <u>1,308</u> | <u>1,300</u> |

| Allotted, issued and fully paid Number | Class | Nominal value | 30/6/07 | 30/6/06 as restated |
|---|--------------|------------------|------------|------------------------|
| | | | £ | £ |
| 400 | Ordinary "B" | £0 10 | 40 | 40 |
| 4,754 | Ordinary "A" | £0 10 | 475 | 467 |
| (30/6/06 - 4,669) | | | | |
| 2,157 | Ordinary "C" | £0 10 | 216 | 216 |
| 1,943 | Ordinary "D" | £0 10 | <u>194</u> | <u>194</u> |
| | | | <u>925</u> | <u>917</u> |

| Allotted and issued Number | Class | Nominal value | 30/6/07 | 30/6/06 as restated |
|-------------------------------|---------------------|------------------|---------------|------------------------|
| | | | £ | £ |
| 751 | "E" ordinary shares | £0 10 | 75 | 84 |
| (30/6/06 - 836) | | | <u> </u> | <u> </u> |

Reaxa Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 30th June 2007

4 CALLED UP SHARE CAPITAL - continued

The following shares were issued during the year for cash at par

85 Ordinary "A" shares of £0 10