

INGENIA TECHNOLOGY (U.K.) LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2007

FRIDAY



LJCP323D

LD4

08/08/2008

19

COMPANIES HOUSE

INGENIA TECHNOLOGY (U.K) LIMITED

COMPANY INFORMATION

Directors

M T Barakat (appointed 12/10/2006)
R P Cowburn (appointed 12/10/2006)
M McGlade (appointed 12/10/2006)
N Y A L Jameel (appointed 12/10/2006)
A I Bangee (appointed 12/12/2006)
C Griffiths (appointed 12/10/2006)
K Graham (appointed 30/05/2007)
M R Bennett (appointed 30/05/2007)
A Berger (appointed 21/05/2008)

Secretary

St John's Square Secretaries

Company number

05964968

Registered office

Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Accountants

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

INGENIA TECHNOLOGY (U K) LIMITED

CONTENTS

	Page
Directors' report	1
Accountants' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 11

INGENIA TECHNOLOGY (U.K) LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

Principal activities

The principal activity of the company during the period was to carry on the business of marketing Laser Surface Authentication technology which is used for the verification of papers, plastics and metals, as used in documents, ID cards and product packaging and to act as a holding company for its subsidiary Ingenia Technology BV, incorporated in the Netherlands. The principal activity of Ingenia Technology BV during the period was to carry on the business of marketing Laser Surface Authentication technology which is used for the verification of papers, plastics and metals, as used in documents, ID cards and product packaging.

The company was incorporated on 12 October 2006 under the name of Ingenia Investments Limited. On 2 January 2007, the company changed its name to Ingenia Technology (U K) Limited. The company started to trade on 8 June 2007.

Directors

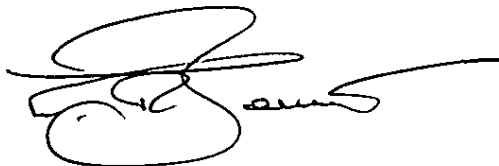
The directors who served during the period were

M T Barakat (appointed 12/10/2006)
R P Cowburn (appointed 12/10/2006)
M McGlade (appointed 12/10/2006)
N Y A L Jameel (appointed 12/10/2006)
A I Bangee (appointed 12/12/2006)
C Griffiths (appointed 12/10/2006)
K Graham (appointed 30/05/2007)
M R Bennett (appointed 30/05/2007)

In addition, Andrew Berger was appointed as a director on 21 May 2008.

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

This report was approved by the board on 6 August 2008 and signed on its behalf

A handwritten signature in black ink, appearing to be 'M R Bennett', with a long horizontal stroke extending to the right.

M R Bennett
Director

INGENIA TECHNOLOGY (U K) LIMITED

**ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE
UNAUDITED FINANCIAL STATEMENTS OF INGENIA TECHNOLOGY (U K) LIMITED**

In accordance with the engagement letter dated 1 August 2008 and in order to assist you to fulfil your duties under the Companies Act 1985 we have compiled the financial statements of the company for the year ended 31 December 2007, which comprise the profit and loss account, the balance sheet and the related notes, from the accounting records and information and explanations you have given to us

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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's board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of the financial statements.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

PKF(UK)LLP

PKF (UK) LLP

London, UK

7 August 2008

INGENIA TECHNOLOGY (U K) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2007**

		15 months ended 31 December 2007 £
	Note	
TURNOVER	1,2	128,302
Cost of sales		<u>(12,053)</u>
GROSS PROFIT		116,249
Administrative expenses		<u>(799,185)</u>
Other operating income	3	<u>34,250</u>
OPERATING LOSS	4	(648,686)
Interest payable		<u>(144)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(648,830)
Tax on loss on ordinary activities	5	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>(648,830)</u></u>

The notes on pages 5 to 11 form part of these financial statements

INGENIA TECHNOLOGY (U K) LIMITED

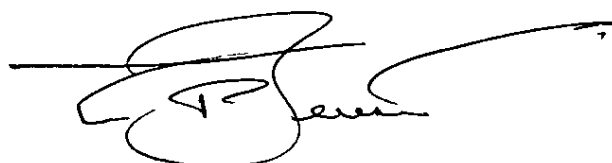
BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	£	2007 £
FIXED ASSETS			
Tangible fixed assets	6		49,086
Fixed asset investments	7		12,703
			<u>61,789</u>
CURRENT ASSETS			
Debtors	8	218,216	
Cash at bank		54,471	
		<u>272,687</u>	
CREDITORS amounts falling due within one year	9	(658,119)	
NET CURRENT LIABILITIES			<u>(385,432)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(323,643)</u>
CREDITORS amounts falling due after more than one year	10		(325,186)
NET LIABILITIES			<u><u>(648,829)</u></u>
CAPITAL AND RESERVES			
Called up share capital	11		1
Profit and loss account			(648,830)
SHAREHOLDERS' DEFICIT			<u><u>(648,829)</u></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 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 2007 and of its loss for the period 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 financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 August 2008.



M R Bennett
Director

The notes on pages 5 to 11 form part of these financial statements

INGENIA TECHNOLOGY (U K) LIMITED

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

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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)

The company and its subsidiary comprise a small sized group. Consolidated accounts have not been prepared as permitted by section 248 of the Companies Act 1985. These financial statements therefore present information about the parent company only as an individual undertaking and not about its group.

1.2 Turnover

Turnover arose from the sale of Laser Surface Authentication (LSA) hardware and from fees paid for the operation of pilot projects for customers, to demonstrate the effectiveness of LSA within the client organisations operations.

1.3 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:

Plant & machinery	-	20%	straight line
Fixtures & fittings	-	10%	straight line
Office equipment	-	33%	straight line
Computer equipment	-	33%	straight line

1.4 Investments

Investments represent share holding in subsidiary undertakings stated at cost.

1.5 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

INGENIA TECHNOLOGY (U K) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007**

1 ACCOUNTING POLICIES (continued)

1.7 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

1.8 Research and development

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

1.9 Going concern

During the year, the company sustained a loss before taxation of £648,830. The balance sheet on page 4 to the financial statements shows net liabilities of £648,829 as at 31 December 2007. The shareholder has confirmed its intention to provide financial support to enable the company to meet its obligations in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

2 TURNOVER

100.0% of the company's turnover is attributable to geographical markets outside the United Kingdom

3 OTHER OPERATING INCOME

	15 months ended 31 December 2007 £
Sundry income	34,250

Sundry income relates to a prize awarded to the company for its product for winning the Hermes Award

4 OPERATING LOSS

The operating loss is stated after charging

	15 months ended 31 December 2007 £
Depreciation of tangible fixed assets	
- owned by the company	13,661
Directors' emoluments	132,000
Research and development expenditure written off	105,813

INGENIA TECHNOLOGY (U.K.) LIMITED

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

5 TAXATION

The company has tax losses amounting to £666,370 available for offset against future taxable profits. As a result, future tax payments will be reduced until these losses have been utilised. The company has a net potential deferred tax asset of £196,054 representing accelerated capital allowances and tax losses available to offset against future profit from the same trade. This potential asset has not been recognised in these financial statements because there is insufficient certainty as to the incidence and timing of future taxable profits against which the losses might be offset.

6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost			
At 12 October 2006	-	-	-
Additions	20,352	42,395	62,747
	<u>20,352</u>	<u>42,395</u>	<u>62,747</u>
At 31 December 2007	20,352	42,395	62,747
Depreciation			
At 12 October 2006	-	-	-
Charge for the period	1,810	11,851	13,661
	<u>1,810</u>	<u>11,851</u>	<u>13,661</u>
At 31 December 2007	1,810	11,851	13,661
Net book value			
At 31 December 2007	<u>18,542</u>	<u>30,544</u>	<u>49,086</u>

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost or valuation	
At 12 October 2006	-
Additions	12,703
	<u>12,703</u>
At 31 December 2007	<u>12,703</u>

Subsidiary undertaking

Shares in group undertakings represent the company's 94% holding of the ordinary share capital of Ingenia Technology BV, incorporated in the Netherlands.

As at 31 December 2007, the aggregate amount of capital and reserves of Ingenia Technology BV was £7,238 (Euro 10,712).

During the period ended 31 December 2007, Ingenia Technology BV incurred a net loss of £6,276 (Euro 9,288).

INGENIA TECHNOLOGY (U K) LIMITED

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

8 DEBTORS

	2007 £
Trade debtors	36,364
Other debtors	181,852
	<u>218,216</u>

9 CREDITORS: Amounts falling due within one year

	2007 £
Trade creditors	27,700
Social security and other taxes	15,150
Other creditors	615,269
	<u>658,119</u>

10 CREDITORS: Amounts falling due after more than one year

	2007 £
Other creditors	325,186
	<u>325,186</u>

11. SHARE CAPITAL

	2007 £
Authorised	
1,000 Ordinary shares of £1 each	<u>1,000</u>
Allotted, called up and fully paid	
1 Ordinary share of £1	<u>1</u>

On incorporation, the company issued 1 ordinary share with a nominal value of £1 to Ingenia Holdings Limited, a company incorporated in British Virgin Islands. Ingenia Holdings Limited is the sole shareholder of Ingenia Technology (U K) Limited.

INGENIA TECHNOLOGY (U K) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007**

12 OPERATING LEASE COMMITMENTS

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	2007 £
Expiry date.	
Between 2 and 5 years	<u><u>48,500</u></u>

INGENIA TECHNOLOGY (U K) LIMITED

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

13. RELATED PARTY TRANSACTIONS

Ingenia Technology (UK) Limited (ITL - UK) is related to Ingenia Holdings Limited (IHL), incorporated in British Virgin Islands, by virtue of the fact that IHL is the sole shareholder of ITL - UK. During the period, IHL paid expenses amounting to £27,044 on behalf of ITL, and paid cash of £298,142 into the company bank account. At 31 December 2007, a balance of £325,186 was due from ITL - UK to IHL, and this amount is included within other creditors falling due after one year.

ITL - UK is related to Ingenia Technology Limited (ITL) by virtue of the fact that both companies are subsidiaries of IHL. During the period, ITL - UK paid expenses amounting to £46,092 on behalf of ITL. In addition, ITL - UK transferred £15,000 of cash into the bank account of ITL. ITL made payments of £56,601 relating to the liabilities of ITL - UK and made cash advances of £74,000 into the bank accounts of ITL - UK. Furthermore, ITL transferred tangible fixed assets with a net book value of £16,032 to ITL - UK and ITL - UK made no payment for these. After taking into account exchange gains of £3, the total balance due from ITL - UK to ITL at 31 December 2007 was £85,538, and this amount is included within other creditors falling due within one year.

ITL - UK is related to Ingenia Holdings (U K) Ltd (IHL - UK) by virtue of the fact that both companies are subsidiaries of IHL. During the period, ITL - UK paid costs of £5,490 which were incurred on behalf of IHL - UK. At 31 December 2007, a balance of £5,490 was due from IHL - UK to ITL - UK, and this amount is included within other debtors.

ITL - UK is related to Unisantis FZE, incorporated in United Arab Emirates, by virtue of the common directorship of Mounir Barakat and Ahmed Iqbal Bangee. During the period, Unisantis FZE paid costs of £6,840 which were incurred on behalf of ITL - UK. ITL - UK paid costs of £46,502 which were incurred on behalf of Unisantis FZE during the period. Neither company made any payments to reimburse this to the other, and as a result of this, a balance of £39,662, which is included within other debtors, was due from Unisantis FZE to ITL - UK at 31 December 2007. Furthermore, during the period Unisantis FZE provided the services of one member of its staff to perform work on behalf of ITL - UK.

ITL - UK is related to Hitech FZE, incorporated in United Arab Emirates, by virtue of the common directorship of Mounir Barakat and Ahmed Iqbal Bangee. During the period, Hitech FZE paid costs of £399 which were incurred on behalf of ITL - UK. Hitech FZE also made cash loans to ITL - UK amounting to £278,561 during the period. A total exchange loss of £854 was incurred on this balance on re-translation at 31 December 2007, and so a total balance of £279,814 was due from ITL - UK to Hitech FZE as at this date. This balance is included within other creditors falling due within one year.

ITL - UK is related to Auron Investments, a company incorporated in Bermuda, by virtue of the common directorship of Mounir Barakat. During the period, ITL - UK paid costs of £4,510 which were incurred on behalf of Auron Investments. At 31 December 2007, £4,510 was due from Auron Investments to ITL - UK, and this amount is included within other debtors.

ITL - UK is related to Unisantis GmbH (formerly Osna Technology GmbH), a company incorporated in Germany, by virtue of the common directorship of Mounir Barakat, Kevin Graham and Michael Bennett. During the year, Unisantis GmbH paid costs of £366 which were incurred on behalf of ITL - UK. At 31 December 2007, £366 was due from ITL - UK to Unisantis GmbH and this balance has been included as part of other creditors falling due within one year.

ITL - UK is related to Alpine GmbH, a company incorporated in Germany, by virtue of the common directorship of Mounir Barakat. During the year, ITL - UK paid costs of £11,101 which were incurred on behalf of Alpine GmbH. At 31 December 2007, £11,101 was due from Alpine GmbH to ITL - UK, and this amount is included within other debtors.

ITL - UK is related to Hartwell plc, a UK registered company, by virtue of the common directorship of Mounir Barakat. During the period, Hartwell plc paid costs amounting to £89,313 on behalf of ITL - UK. At 31 December 2007, ITL - UK owed £89,313 to Hartwell plc and this amount is included within other creditors falling due within one year.

INGENIA TECHNOLOGY (U K) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007**

13. RELATED PARTY TRANSACTIONS (continued)

During the period, ITL - UK paid £810 on behalf of Mr R Cowburn, a director. As at 31 December 2007, Mr R Cowburn owed £810 to ITL - UK and this amount is included within other debtors.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the directors, the company's immediate parent company is Ingenia Holdings Limited, a company incorporated in British Virgin Islands.

The ultimate controlling party is Lorenda Foundation, registered in Liechtenstein.