

REGISTERED NUMBER 07697736 (England and Wales)

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011
FOR
WESTHOUSE MEDICAL SERVICES PLC**

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FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

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WESTHOUSE MEDICAL SERVICES PLC
COMPANY INFORMATION
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

DIRECTORS:	J Kaye G Jackson J Rothman
REGISTERED OFFICE.	Office 29 Regus House Victory Way Dartford Kent DA2 6QD
REGISTERED NUMBER:	07697736 (England and Wales)
SENIOR STATUTORY AUDITOR:	Chris Checkley FCCA
AUDITORS:	Russell New Limited Statutory Auditors The Courtyard Shoreham Road Upper Beeding Steyning West Sussex BN44 3TN

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER. 07697736)

**CHAIRMAN'S REPORT
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

Since Westhouse's formation in July 2011, the company has been developing and growing at an exponential rate. In its initial six months of operation, it has acquired BreastCheck (via Westhouse Medical Limited), a low cost non-invasive breast screening device, Profemme, a surgery / clinic based non-invasive testing device for Breast Cancer and also acquired AST Ambulance Service - a specialist Bariatric and Intensive Care patient transport service operating in the U K.

The company continued throughout 2011 to develop BreastCheck and we are very pleased with our progress leading up to the launch of the product. Further announcements regarding launch dates and global roll out plans will be made during the course of 2012. The international launch of BreastCheck will be made through a major, multi-media PR campaign which is currently being developed.

Losses for 2011 were in line with expectations and reflect the substantial investment that has gone into developing and preparing Breastcheck for product launch during 2012.

The company sold its patient transport service business, AST Ambulance Service, in March 2012 via a management buyout for £2.34m. We were very pleased with the financial gains that the company realised through the sale of AST. As previously announced, negotiations are under way to acquire other patient transport services for Westhouse's Medical Services Division. We have also entered into discussions with a number of Medical Device Businesses who have developed new and exciting products to further enhance and improve on patient care and treatment. Further announcements will be made during the course of 2012.

During the second quarter of 2012, the company plans to submit a Prospectus for approval by the UK Financial Services Authority (FSA) to enable it to move up to the Open Standard tier on the Frankfurt Stock Exchange. Concurrently, the company will be making a submission for a secondary listing on the United States OTCQX Exchange.

As part of its on going long term strategy, Westhouse will continue to develop its portfolio of Medical Devices and add to its portfolio of technology and patents as appropriate. Additionally, the company will seek to expand and consolidate targeted acquisitions in the patient transport sector for its Medical Services Division.

J Kaye - Chairman
April 2012

**REPORT OF THE DIRECTORS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

The directors present their report with the financial statements of the company and the group for the period 8 July 2011 to 31 December 2011

INCORPORATION

The group was incorporated on 8 July 2011

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of development of intellectual property in the field of medical sciences and provision of medical services

REVIEW OF BUSINESS

Since incorporation the company has acquired two subsidiary undertakings Westhouse Medical Limited is the holder of intellectual property which the group intends to exploit AST Ambulance Services Limited provides ambulance services in the South East of the UK

The group activities in the period under review have focussed on the development and marketing of the intellectual property with a view to taking the product to the market in 2012

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2011

FUTURE DEVELOPMENTS

Since the year end the group have acquired further intellectual property which complements their existing portfolio

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements

DIRECTORS

The directors who have held office during the period from 8 July 2011 to the date of this report are as follows

R Holder - appointed 8 July 2011

J Kaye - appointed 8 July 2011

S A Smith - appointed 4 August 2011

G Jackson and J Rothman were appointed as directors after 31 December 2011 but prior to the date of this report

R Holder and S A Smith ceased to be directors after 31 December 2011 but prior to the date of this report

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the group's policy to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that all suppliers are made aware of the terms of payment and to abide by those terms

Trade creditor days at the period end were 99

**REPORT OF THE DIRECTORS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

FINANCIAL INSTRUMENTS

Liquidity risk

Arrangements are made within the group and with related parties to ensure that suitable and appropriate access to funding is available

Foreign currency risk

The group's principle foreign currency exposure arises from payments due to suppliers in currencies other than UK sterling, primarily the Euro and US Dollar. The director does not believe that this exposure represents a material risk to the group.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are factored to improve liquidity, and are monitored on an ongoing basis with provision for doubtful debts made where necessary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards as adopted by the European Union. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

AUDITORS

The auditors, Russell New Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD.



J Kaye - Director

Date **27th** April 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WESTHOUSE MEDICAL SERVICES PLC

We have audited the financial statements of Westhouse Medical Services plc for the period ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £1,778,900 during the period ended 31 December 2011 and, at that date, the group's current liabilities exceeded its current assets by £2,037,932.

In addition, the solvency of the group is reliant on the valuation of intellectual property rights and assets under construction. The valuation of both is inherently difficult to quantify both in the technological advancement they represent and in the absence of an ongoing trade. These conditions, along with the other matters explained in the accounting policies to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

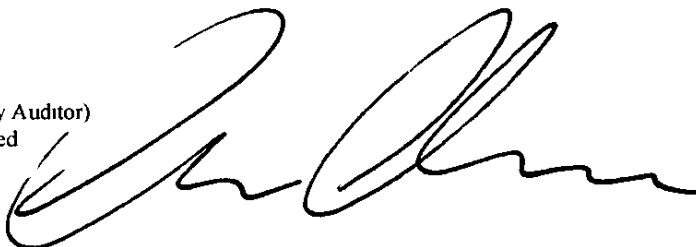
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WESTHOUSE MEDICAL SERVICES PLC**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Chris Checkley FCCA (Senior Statutory Auditor)
for and on behalf of Russell New Limited
Statutory Auditors
The Courtyard
Shoreham Road
Upper Beeding
Steyning
West Sussex
BN44 3TN



Date **27** April 2012

Note:

The maintenance and integrity of the Westhouse Medical Services plc web site is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

	Notes	£
CONTINUING OPERATIONS		
Revenue		1,679,082
Cost of sales		<u>(1,535,477)</u>
GROSS PROFIT		143,605
Administrative expenses		<u>(2,106,065)</u>
OPERATING LOSS		<u>(1,962,460)</u>
LOSS BEFORE INCOME TAX	3	(1,962,460)
Income tax	4	<u>183,560</u>
LOSS FOR THE PERIOD		<u>(1,778,900)</u>
Loss attributable to Owners of the parent		<u>(1,778,900)</u>
 Earnings per share expressed in pence per share	 6	
Basic		-5.43
Diluted		<u>-3.98</u>

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

	£
LOSS FOR THE PERIOD	(1,778,900)
OTHER COMPREHENSIVE INCOME	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(1,778,900)</u>
Total comprehensive income attributable to Owners of the parent	<u>(1,778,900)</u>

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER. 07697736)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2011**

	Notes	£
ASSETS		
NON-CURRENT ASSETS		
Goodwill	7	958,334
Intangible assets	8	1,950,000
Property, plant and equipment	9	5,068,374
Investments	10	-
Deferred tax	18	<u>190,953</u>
		<u>8,167,661</u>
CURRENT ASSETS		
Inventories	11	19,360
Trade and other receivables	12	618,793
Cash and cash equivalents	13	<u>12,253</u>
		<u>650,406</u>
TOTAL ASSETS		<u>8,818,067</u>
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	14	7,346,129
Share premium	15	562,500
Retained earnings	15	<u>(1,778,900)</u>
TOTAL EQUITY		<u>6,129,729</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	16	2,680,945
Tax payable		<u>7,393</u>
		<u>2,688,338</u>
TOTAL LIABILITIES		<u>2,688,338</u>
TOTAL EQUITY AND LIABILITIES		<u>8,818,067</u>

The financial statements were approved by the director on 27th April 2012 and were signed by



J Kaye - Director

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2011

	Notes	£
ASSETS		
NON-CURRENT ASSETS		
Goodwill	7	-
Intangible assets	8	500,000
Property, plant and equipment	9	4,805,838
Investments	10	<u>2,356,500</u>
		<u>7,662,338</u>
CURRENT ASSETS		
Trade and other receivables	12	983,029
Cash and cash equivalents	13	<u>475</u>
		<u>983,504</u>
TOTAL ASSETS		<u>8,645,842</u>
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	14	7,346,129
Share premium	15	562,500
Retained earnings	15	<u>(1,062,503)</u>
TOTAL EQUITY		<u>6,846,126</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	16	<u>1,799,716</u>
TOTAL LIABILITIES		<u>1,799,716</u>
TOTAL EQUITY AND LIABILITIES		<u>8,645,842</u>

The financial statements were approved by the director on 27th April 2012 and were signed by


J Kaye - Director

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER. 07697736)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	7,346,129	-	562,500	7,908,629
Total comprehensive income	-	(1,778,900)	-	(1,778,900)
Balance at 31 December 2011	<u>7,346,129</u>	<u>(1,778,900)</u>	<u>562,500</u>	<u>6,129,729</u>

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	7,346,129	-	562,500	7,908,629
Total comprehensive income	-	(1,062,503)	-	(1,062,503)
Balance at 31 December 2011	<u>7,346,129</u>	<u>(1,062,503)</u>	<u>562,500</u>	<u>6,846,126</u>

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER. 07697736)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	<u>192,091</u>
Net cash from operating activities		<u>192,091</u>
Cash flows from investing activities		
Purchase of tangible fixed assets		(254,760)
New subsidiary undertaking		<u>91,160</u>
Net cash from investing activities		<u>(163,600)</u>
Cash flows from financing activities		
Amount withdrawn by directors		<u>(16,238)</u>
Net cash from financing activities		<u>(16,238)</u>
		<hr/>
Increase in cash and cash equivalents		12,253
Cash and cash equivalents at beginning of period	2	<u>-</u>
Cash and cash equivalents at end of period	2	<u>12,253</u>

The notes form part of these financial statements

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**COMPANY STATEMENT OF CASH FLOWS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	<u>475</u>
Net cash from operating activities		<u>475</u>
		<hr/>
Increase in cash and cash equivalents		475
Cash and cash equivalents at beginning of period	2	<u>-</u>
Cash and cash equivalents at end of period	2	<u>475</u>

The notes form part of these financial statements

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

1 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	£
Loss before income tax	(1,962,460)
Depreciation charges	<u>27,046</u>
	(1,935,414)
Increase in inventories	(19,360)
Increase in trade and other receivables	(602,555)
Increase in trade and other payables	<u>2,749,420</u>
Cash generated from operations	<u>192,091</u>

Company

	£
Loss before income tax	(1,062,503)
Increase in trade and other receivables	(736,738)
Increase in trade and other payables	<u>1,799,716</u>
Cash generated from operations	<u>475</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statements of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

	Group		Company	
Period ended 31 December 2011	31 12 11	8 7 11	31 12 11	8 7 11
	£	£	£	£
Cash and cash equivalents	<u>12,253</u>	<u>-</u>	<u>475</u>	<u>-</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis, as in the opinion of the director the group will be able to continue as a going concern for at least the next 12 months. The director has received the relevant assurances from related party undertakings that creditor balances will not be called during the next 12 months unless sufficient reserves have been generated to enable such payments to be made.

Revenue recognition

Revenue is recognised at the point that services have been provided to customers and the Group becomes entitled to payment. No discount is made to amounts receivable as all work carried out on credit terms is factored.

Goodwill

Goodwill in relation to the premium paid on the acquisition of Westhouse Medical Limited has been written off in the period as, in the opinion of the directors, reliable measurement of the residual value, ongoing cash flows attributable and remaining useful life is not feasible.

Goodwill in relation to the premium paid on the acquisition of AST Ambulance Services Limited in the period has been recognised in the financial statements. No adjustments have been made to the value of the goodwill or amortisation provided, as the subsidiary was sold post period end for a significant profit.

Intangible assets - Patents and licences

Intangible assets are recognised at initial cost less any accumulated amortisation and impairment losses. The useful economic life of the asset is unquantifiable, and therefore no amortisation is provided against intangible assets. Impairment reviews of the value of the asset are carried out annually by management with reference to future cash flows anticipated in respect of the asset.

Property, plant and equipment

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

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Inventories

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

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

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

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER. 07697736)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

2 EMPLOYEES AND DIRECTORS

	£
Wages and salaries	919,656
Social security costs	<u>97,552</u>
	<u>1,017,208</u>

The average monthly number of employees during the period was as follows

Operations	55
Administration	<u>18</u>
	<u>73</u>

	£
Directors' remuneration	<u>19,558</u>

3 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	£
Cost of inventories recognised as expense	47,681
Hire of plant and machinery	22,954
Depreciation - owned assets	27,046
Auditors' remuneration	16,500
Auditors' remuneration for non audit work	2,150
Foreign exchange differences	226,939
Other operating leases	<u>186,257</u>

4 INCOME TAX

Analysis of tax income

	£
Current tax	
Corporation tax	7,393
Deferred tax	<u>(190,953)</u>
Total tax income in consolidated income statement	<u>(183,560)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

4 INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below

Loss on ordinary activities before income tax	£ <u>(1,962,460)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	 (392,492)
Effects of Capital allowances in advance of depreciation Expenditure not permitted for taxation purposes	 (17,543) <u>226,475</u>
Tax income	<u>(183,560)</u>

5 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(1,062,503)

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares

Reconciliations are set out below

	Earnings £	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,778,900)	32,733,612	-5.43
Effect of dilutive securities			
Options	<u>-</u>	<u>12,000,000</u>	<u>-</u>
Diluted EPS			
Adjusted earnings	<u>(1,778,900)</u>	<u>44,733,612</u>	<u>-3.98</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

7 **GOODWILL**

Group	£
COST	
Additions	1,784,834
Impairments	<u>(826,500)</u>
At 31 December 2011	<u>958,334</u>
NET BOOK VALUE	
At 31 December 2011	<u>958,334</u>

8 **INTANGIBLE ASSETS**

Group	Patents and licences £
COST	
Additions	<u>1,950,000</u>
At 31 December 2011	<u>1,950,000</u>
NET BOOK VALUE	
At 31 December 2011	<u>1,950,000</u>

Intangible assets represent the group's holding of intellectual property rights in respect of "Breastcheck" and "Profemme", medical products designed for the detection of breast cancer. No amortisation has been provided in relation to these assets as in the director's opinion the useful economic life of the assets is unquantifiable.

The director has conducted impairment reviews at the period end date and is of the opinion that the present value of future cash flows generated by the assets will exceed the current value in the financial statements.

Company

	Patents and licences £
COST	
Additions	<u>500,000</u>
At 31 December 2011	<u>500,000</u>
NET BOOK VALUE	
At 31 December 2011	<u>500,000</u>

Intangible assets represent the company's holding of intellectual property rights in respect of "Profemme", medical products designed for the detection of breast cancer. No amortisation has been provided in relation to the asset as in the director's opinion the useful economic life of the asset is unquantifiable.

The director has conducted an impairment review at the period end date and is of the opinion that the present value of future cash flows generated by the asset will exceed the current value in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

9 PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
Additions	<u>4,860,461</u>	<u>79,972</u>	<u>154,987</u>	<u>5,095,420</u>
At 31 December 2011	<u>4,860,461</u>	<u>79,972</u>	<u>154,987</u>	<u>5,095,420</u>
DEPRECIATION				
Charge for period	<u>5,914</u>	<u>10,762</u>	<u>10,370</u>	<u>27,046</u>
At 31 December 2011	<u>5,914</u>	<u>10,762</u>	<u>10,370</u>	<u>27,046</u>
NET BOOK VALUE				
At 31 December 2011	<u>4,854,547</u>	<u>69,210</u>	<u>144,617</u>	<u>5,068,374</u>

Company

	Plant and machinery £
COST	
Additions	<u>4,805,838</u>
At 31 December 2011	<u>4,805,838</u>
NET BOOK VALUE	
At 31 December 2011	<u>4,805,838</u>

Plant and machinery represent the manufacturing costs of a breast abnormality indicator as used in "Breastcheck". No depreciation has been provided as the asset is still under construction.

The director has conducted an impairment review at the period end date and is of the opinion that the value recognised in the financial statements will not exceed the recoverable amount of the asset.

10 INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	<u>2,356,500</u>
At 31 December 2011	<u>2,356,500</u>
NET BOOK VALUE	
At 31 December 2011	<u>2,356,500</u>

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

10 INVESTMENTS - continued

Company

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Westhouse Medical Limited

Country of incorporation England and Wales

Nature of business Intellectual property development

	% holding		
Class of shares		2011	31 8 10
Ordinary	100 00	£	£
Aggregate capital and reserves		<u>530,000</u>	<u>1</u>

AST Ambulance Services Limited

Country of incorporation England and Wales

Nature of business Ambulance services

	% holding		
Class of shares			2011
Ordinary	100 00		£
Aggregate capital and reserves			(27,182)
Loss for the period			<u>(28,182)</u>

11 INVENTORIES

	Group
	£
Stocks	<u>19,360</u>

12 TRADE AND OTHER RECEIVABLES

	Group	Company
	£	£
Current		
Trade debtors	377,085	-
Amounts owed by group undertakings	-	932,000
Other debtors	33,121	-
Staff loans	11,800	-
Directors' loan accounts	16,238	-
Called up share capital not paid	52,027	51,029
Prepayments and accrued income	<u>128,522</u>	<u>-</u>
	<u>618,793</u>	<u>983,029</u>

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

13 CASH AND CASH EQUIVALENTS

	Group	Company
	£	£
Cash in hand	514	-
Bank accounts	<u>11,739</u>	<u>475</u>
	<u>12,253</u>	<u>475</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid	Nominal	£
Number Class	value	
	15p	
48,974,182 Ordinary		<u>7,346,129</u>

On incorporation 333,334 ordinary shares of £0 15 each were issued at par

On 15 July 2011, an additional 15,516,667 ordinary shares of £0 15 each were issued at par in exchange for 100% of the ordinary share capital of Westhouse Medical Limited, and to discharge a loan note of £971,000 from that company

On 4 August 2011, an additional 5,000,001 ordinary shares of £0 15 each were issued at £0 20 each in exchange for 100% of the ordinary share capital of AST Ambulance Services Limited

On 14 October 2011, an additional 1,250,000 ordinary shares of £0 15 each were issued at £0 40 each in exchange for intellectual property rights over "Profemme"

On 4 August 2011, 14 October 2011 and 9 December 2011 respectively a further 10 million, 6,721,429 and 10,152,751 ordinary shares of £0 15 each were issued at par in payment of various expenses incurred by the company

15 RESERVES

Group	Retained	Share	Totals
	earnings	premium	£
	£	£	
Deficit for the period	(1,778,900)		(1,778,900)
New shares issued	<u>-</u>	<u>562,500</u>	<u>562,500</u>
At 31 December 2011	<u>(1,778,900)</u>	<u>562,500</u>	<u>(1,216,400)</u>

Company	Retained	Share	Totals
	earnings	premium	£
	£	£	
Deficit for the period	(1,062,503)		(1,062,503)
New shares issued	<u>-</u>	<u>562,500</u>	<u>562,500</u>
At 31 December 2011	<u>(1,062,503)</u>	<u>562,500</u>	<u>(500,003)</u>

WESTHOUSE MEDICAL SERVICES PLC (REGISTERED NUMBER: 07697736)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011**

16 TRADE AND OTHER PAYABLES

	Group £	Company £
Current		
Trade creditors	1,958,229	1,792,216
Social security and other taxes	270,277	-
Other creditors	127,807	-
Debt factoring control account	293,644	-
Accruals and deferred income	<u>30,988</u>	<u>7,500</u>
	<u>2,680,945</u>	<u>1,799,716</u>

17 LEASING AGREEMENTS

Group

	Non-cancellable operating leases £
Between one and five years	192,321
In more than five years	<u>56,000</u>
	<u>248,321</u>

18 DEFERRED TAX

Group

	£
Timing differences (losses)	(212,501)
Timing differences (capital allowances)	<u>21,548</u>
Balance at 31 December	<u>(190,953)</u>

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

19 RELATED PARTY DISCLOSURES

On 4 April 2011, the group acquired intellectual property ("Breastcheck") from Montroyal Inc, a company of which J Kaye is a director. The consideration was paid for with £971,000 as a loan note to Montroyal Inc and £479,000 paid by issuing ordinary £1 shares at par in Westhouse Medical Limited.

On 15 July 2011, Westhouse Medical Services plc paid £2,327,500 by issuing 15,516,667 ordinary £0.15 shares at par in Westhouse Medical Services plc in exchange for the entire issued share capital of Westhouse Medical Limited and as payment in full of the loan note to Montroyal Inc.

Montroyal Investments Limited, a company of which J Kaye is a director, made payments of £55,061 on behalf of the group during the period. At the period end £45,061 was owed to Montroyal Investments. No amounts were written off during the period.

J Kaye, the director of the group, was issued 2,716,667 ordinary £0.15 shares as part of the payment on the acquisition of Westhouse Medical Limited.

Professional IT (Logistics) Limited, a company of which S A Smith is a director and shareholder, provided services of £10,494 to the group.

Montroyal Inc, a company of which Mr Kaye is a director, entered into a contract to construct machinery on behalf of the group for \$7,940,000 (£4,805,838). Part payment of this amount was made during the year by issuing 22,571,429 ordinary £0.15 shares in the parent company at par. During the period the group also received management support services for £157,230. At the period end £1,758,291 was owed to Montroyal Inc. No amounts were written off during the period.

S A Smith, a director of the group, was issued 1,000,000 ordinary £0.15 shares at par as payment for management services in the period.

S Lawson, A Hannigan and S Haynes, directors of AST Ambulance Services Limited, were issued 5,000,001 (1,666,667 each) ordinary £0.15 shares at a premium of £0.05 per share as payment for the acquisition of AST Ambulance Services Limited.

R Holder, a director of the group, was issued 50,000 ordinary £0.15 shares as part of the payment on the acquisition of Westhouse Medical Limited.

During the period the group was loaned amounts by S Lawson, a director of one of the group companies, to fund working capital. At the period end £53,202 (2010: £nil) remained owed to S Lawson. The loan is interest free and repayable on demand.

During the period the group paid consultancy fees of £57,230 (2010: £nil) for services from Apex Openbooks Ltd, a company controlled by R Holder, a director of the group. At the period end £500 (2010: £nil) had been unpaid.

During the period the group paid £23,003 (2010: £nil) for services from Silver Asset Management Limited, a company controlled by a director of one of the group companies. At the period end £5,609 (2010: £nil) was unpaid.

During the period the group paid £16,220 (2010: £nil) for services from M Hannigan, the brother of a director of one of the group companies. At the period end no amounts were unpaid.

During the period the group loaned £121,804 (2010: £nil) to Medical Logistics Limited, a company controlled by a director of one of the group companies. At the period end £121,804 (2010: £nil) was unpaid and had been provided against in full.

During the period the group loaned £129,164 (2010: £nil) to A S Travel Limited, a company controlled by the directors of one of the group companies. At the period end £129,164 (2010: £nil) was unpaid and had been provided against in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 8 JULY 2011 TO 31 DECEMBER 2011

20 EVENTS AFTER THE REPORTING PERIOD

Since the period end the group has sold its shareholding in AST Ambulance Services Limited. The sale was made through an intermediary related company which acquired share capital in the company with a market value at the time of £2.34 million.

Since the period end the group has acquired further intellectual property for \$2million, paid for in cash and shares in the company.

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	£
Loss for the financial period	(1,778,900)
New share capital subscribed	<u>7,908,629</u>
Net addition to shareholders' funds	6,129,729
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>6,129,729</u>
Equity interests	<u>6,129,729</u>

Company

	£
Loss for the financial period	(1,062,503)
New share capital subscribed	<u>7,908,629</u>
Net addition to shareholders' funds	6,846,126
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>6,846,126</u>
Equity interests	<u>6,846,126</u>

22 SHARE-BASED PAYMENT TRANSACTIONS

During the period the company issued share options over ordinary £0.15 shares to the three directors, exercisable at par at the following 31 December year end dates:

Director	Year end	2011	2012	2013
J Kaye		3,000,000	4,000,000	5,000,000
R Holder		500,000	750,000	1,000,000
S Smith		500,000	750,000	1,000,000

The options granted to R Holder and S Smith have all lapsed since the period end following their resignation from the Board.

No cost for the above options has been recognised in the accounts, as the fair value of the company's shares at the date of signing is significantly lower than par value, and as such there is no expense to recognise.