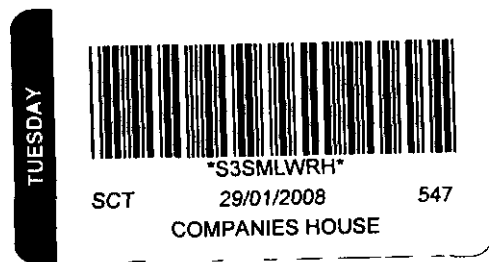


**REGISTERED NUMBER: SC275753 (Scotland)**

**Abbreviated Accounts**  
**for the Year Ended 31 December 2006**  
**for**  
**Amphotonix Limited**



**Amphotonix Limited**

**Contents of the Abbreviated Accounts  
for the Year Ended 31 December 2006**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Independent Auditors on the Abbreviated Accounts</b>	<b>2</b>
<b>Abbreviated Balance Sheet</b>	<b>4</b>
<b>Notes to the Abbreviated Accounts</b>	<b>6</b>

**Amphotonix Limited**

**Company Information  
for the Year Ended 31 December 2006**

**DIRECTORS:**

C Tombling  
A Kelly  
E J P Fallstrom  
N P Martin

**SECRETARY:**

Semple Fraser LLP

**REGISTERED OFFICE:**

130 St Vincent Street  
Glasgow  
G2 5HF

**REGISTERED NUMBER:**

SC275753 (Scotland)

**AUDITORS:**

Campbell Dallas  
Chartered Accountants &  
Registered Auditors  
Sherwood House  
7 Glasgow Road  
Paisley  
Renfrewshire  
PA1 3QS

**SOLICITORS:**

Semple Fraser LLP  
130 St Vincent Street  
Glasgow  
G2 5HF

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

We have examined the abbreviated accounts set out on pages four to eight, together with the financial statements of Amphotonix Limited for the year ended 31 December 2006 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.

**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.

**Other information**

On 30 October 2007 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31 December 2006 prepared under Section 226 of the Companies Act 1985, and our report included the following extract:

**"Going Concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements regarding the going concern basis of preparation of the financial statements, the further funding received post year end and dependence on successful completion of a further funding round. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis on the assumption the company obtains sufficient funding as outlined in note one. The financial statements do not include any adjustments that would result were such financial support not to be forthcoming. Our opinion is not qualified in this respect."



Campbell Dallas  
Chartered Accountants &  
Registered Auditors  
Sherwood House  
7 Glasgow Road  
Paisley

**Amphotonix Limited**

**Abbreviated Balance Sheet  
31 December 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	2	30,000	30,000
Tangible assets	3	130,414	156,649
		<u>160,414</u>	<u>186,649</u>
<b>CURRENT ASSETS</b>			
Stocks		24,672	14,488
Debtors		49,260	64,717
Cash at bank and in hand		15,011	30,901
		<u>88,943</u>	<u>110,106</u>
<b>CREDITORS</b>			
Amounts falling due within one year	4	273,924	142,723
		<u>273,924</u>	<u>142,723</u>
<b>NET CURRENT LIABILITIES</b>		<u>(184,981)</u>	<u>(32,617)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(24,567)</u>	<u>154,032</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	4	59,259	31,481
		<u>59,259</u>	<u>31,481</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(83,826)</u>	<u>122,551</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	667	667
Share premium		599,433	557,766
Profit and loss account		(683,926)	(435,882)
		<u>67</u>	<u>67</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(83,826)</u>	<u>122,551</u>

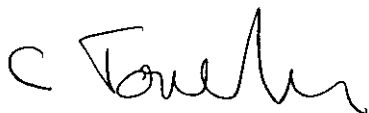
The notes form part of these abbreviated accounts

**Amphotonix Limited**

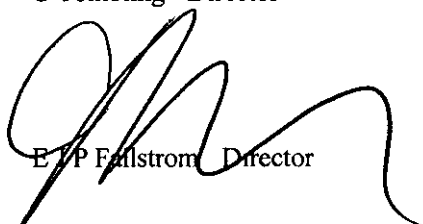
**Abbreviated Balance Sheet continued**  
**31 December 2006**

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 30 October 2007 and were signed on its behalf by

A handwritten signature in black ink, appearing to read 'C Tombling', written in a cursive style.

C Tombling Director

A handwritten signature in black ink, appearing to read 'E P Fallstrom', written in a cursive style.

E P Fallstrom Director

The notes form part of these abbreviated accounts

**Notes to the Abbreviated Accounts  
for the Year Ended 31 December 2006**

**1 ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. At 31 December 2006, the company had net liabilities of £83,826

Subsequent to the year end, the company has continued to trade with the support of its principal shareholders who have advanced working capital funding on a short term basis. In addition, in May 2007 a funding round was completed which resulted in the injection of £270,000 of share capital. As a result, the company returned to a solvent position as evidenced in its management accounts to 31 August 2007. Subsequent to August 2007, further short term funding was advanced by the principal shareholders.

At the date of signing the accounts, the company has partially completed a further funding round and has secured a further £200,000 of equity investment. The company anticipates concluding this funding round prior to the end of the financial year to 31 December 2007, with the drawn down of new debt and equity facilities.

The Board are confident that upon securing this additional funding round, the company will be able to transition to the next stage of development which will include the delivery of significant production volumes to potential customers that are currently in discussion with the company.

Should the company not succeed to continue to obtain sufficient funding from the principal shareholders or elsewhere to allow it to continue to trade as a going concern, adjustments would have to be made to amend the balance sheet value of assets to the recoverable amounts, and to provide for further liabilities that might arise and to classify fixed assets and long term liabilities as current assets and current liabilities.

**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.

**Intellectual Property Rights**

Intellectual property rights are not being amortised as they have an indefinite useful life subject to an annual impairment review.

**Tangible fixed assets**

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

Plant and machinery	15% on cost
Fixtures and fittings	25% on reducing balance
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.

# Amphotonix Limited

## Notes to the Abbreviated Accounts continued for the Year Ended 31 December 2006

### 1 ACCOUNTING POLICIES continued

#### Deferred tax

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

#### 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

### 2 INTANGIBLE FIXED ASSETS

	Intellectual Property Rights £
<b>COST</b>	
At 1 January 2006	30,000
	<hr/>
At 31 December 2006	30,000
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2006	30,000
	<hr/>
At 31 December 2005	30,000
	<hr/>

### 3 TANGIBLE FIXED ASSETS

	Total £
<b>COST</b>	
At 1 January 2006	174,138
Additions	422
	<hr/>
At 31 December 2006	174,560
	<hr/>
<b>DEPRECIATION</b>	
At 1 January 2006	17,489
Charge for year	26,657
	<hr/>
At 31 December 2006	44,146
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2006	130,414
	<hr/>
At 31 December 2005	156,649
	<hr/>

**Notes to the Abbreviated Accounts continued  
for the Year Ended 31 December 2006**

**4 CREDITORS**

The following secured debts are included within creditors

	2006	2005
	£	£
Bank loans	<u>81,481</u>	<u>50,000</u>

**5 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value £1	2006 £	2005 £
500,000	Ordinary		<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	2006 £	2005 £
667	Ordinary		<u>667</u>	<u>667</u>

**6 CONTROL**

The company is not under the control of one party with no shareholder owning over 50% of the issued share capital