

COMPANY REGISTRATION NUMBER 4095774

**ACARIS HEALTHCARE SOLUTIONS PLC AND  
SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**FOR**

**31 DECEMBER 2006**

**ENSORS**

Chartered Accountants & Registered Auditors  
Anglia House  
285 Milton Road  
Cambridge  
CB4 1XQ

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# **ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

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# **ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES**

## **OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	Dr R Pirzad Dr A Cooke
<b>Company secretary</b>	Dr A Cooke
<b>Registered office</b>	Babraham Hall Babraham Cambridge CB2 4AT
<b>Auditor</b>	Ensors Chartered Accountants & Registered Auditors Anglia House 285 Milton Road Cambridge CB4 1XQ
<b>Bankers</b>	Barclays Bank Plc Barclays Business Centre 28 Chesterton Road Cambridge CB4 3AZ

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2006

The directors present their report and the financial statements of the group for the year ended 31 December 2006

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was the collection of royalties. The principal activity of the group in previous years was the research, development and manufacture of products to detect allergens in the domestic or industrial environment.

#### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The reporting year has seen a significant reduction in costs for the company and group.

As previously reported, in October 2002 Acaris announced a product development programme and technology licensing agreement with City Technology Limited (part of First Technology Group plc) for the detection of airborne allergens in the detergent manufacturing industry to reduce occupational asthma as imposed by health and safety directives. Following successful trials with Unilever and Proctor & Gamble, Enz-Alert is now being marketed by City Technology Limited.

In January 2005 Acaris entered into a second product development and licensing agreement with City Technology Limited for the detection of airborne mould particles in flood damaged buildings. The feasibility of this project has unfortunately proved unsuccessful and marketing has been suspended.

The group received income from City Technology in the year being product royalty payments on the sales for the year.

As reported previously, the continuing operations of the group is dependent on securing equity finance. In parallel to the above activities, the group sought to strengthen its financial position by exploring sources of equity finance along with other corporate opportunities such as mergers and acquisitions. Despite much effort by the management team and advisors, the group has been unsuccessful in securing the finance needed to continue its operations. The financial security of the group was further complicated by the acquisition of First Technology Group plc by Honeywell Inc, a process that began in the second half of 2005 and was completed in March 2006. As a result the product development projects were internalised by City Technology Limited, removing the group's vital source of development income.

City Technology Limited has recently provided Acaris with a forecast of royalty payments for the foreseeable future resulting from sales of Enz-Alert. The directors believe that it is in the best interest of shareholders that the group reduce its costs to a minimum, so that the maximum amount possible of these royalties can be paid to shareholders in the form of dividends.

As a result, the directors have taken measures to reduce ongoing operational costs. The group now has no employees or premises, and has divested the Medivac Healthcare Limited subsidiary by way of voluntary liquidation. The group's principal ongoing expenses have been minimised including those required to meet its statutory obligations such as the annual audit and annual return. Further cost savings on the future statutory administrative requirements and annual audits are possible by converting the present public limited company into a private limited company.

Although the above measures will maximise surplus for dividend payments, the group may need to raise limited equity finance in the short term to move the business forward.

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2006

#### RESULTS AND DIVIDENDS

The group profit for the year amounted to £14,515. The directors have not recommended a dividend.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors consider that the group's exposure to risk, being price risk, credit risk and liquidity risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group. The group's exposure to cash flow risk is detailed in note 1 to the financial statements.

#### RESEARCH AND DEVELOPMENT

The group's research and development activities ceased during the year, as a result of its licensing agreement with City Technology Limited being internalised.

#### THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.02 each	
	At 31 December 2006	At 1 January 2006
Dr R Pirzad	1,246,590	1,246,590
Dr A Cooke	1,237,500	1,237,500
Mr D R M Dyer Bartlett	-	-

None of the company's directors held shares in its subsidiary undertakings.

Mr D R M Dyer Bartlett resigned as a director on 31 July 2007.

At 31 December 2006 Dr R Pirzad and Dr A Cooke each held 30,302 options over ordinary shares of £0.02 each under an open ended unapproved share option scheme at a grant price of 55p per share.

#### POLICY ON THE PAYMENT OF CREDITORS

Cash flow considerations during the year have resulted in the group needing to renegotiate terms on an individual supplier basis.

#### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable accounting standards have been followed, subject to any material

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2006

departures disclosed and explained in the financial statements, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

there is no relevant audit information of which the group's auditors are 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 auditors are aware of that information.

### AUDITOR

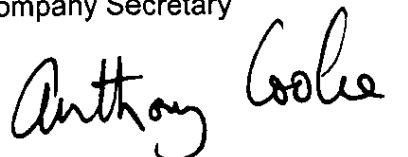
A resolution to re-appoint Ensors as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office  
Babraham Hall  
Babraham  
Cambridge  
CB2 4AT

Signed on behalf of the directors

Dr A Cooke  
Company Secretary

Approved by the directors on 30 OCT 2007

Anthony Cooke.

# **ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES *(continued)***

### **YEAR ENDED 31 DECEMBER 2006**

We have audited the financial statements of Acaris Healthcare Solutions plc and Subsidiaries for the year ended 31 December 2006 on pages 7 to 20 which have been prepared on the basis of the accounting policies set out on pages 12 to 13

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is *not consistent with the financial statements*, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES *(continued)*

### YEAR ENDED 31 DECEMBER 2006

The Acaris Healthcare Solutions plc group accounts for the year ended 31 December 2006 and the period ended 31 December 2005 include the unaudited results of Medivac Healthcare Limited. Medivac Healthcare Limited was subject to a creditors voluntary winding up order under the Insolvency Act 1986 on 26 September 2006. Consequently, the directors of Acaris Healthcare Solutions plc do not consider it necessary or cost effective for an audit to be undertaken in respect of that company. Without undertaking an audit, we are unable to give an opinion as to whether the accounts of Medivac Healthcare Limited present a true and fair view of the state of affairs of that company at 31 December 2006 and of the results for the period then ended. Therefore, we are unable to give an opinion as to whether the accounts of the group give a true and fair view of the state of the affairs of the group at 31 December 2006 and of its results for the period then ended.

### QUALIFIED OPINION

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had an audit been carried out in respect of Medivac Healthcare Limited, in our opinion the financial statements

give a true and fair view of the state of the company's affairs and of the group as at 31 December 2006 and of the loss of the group for the period then ended, and

have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

In respect solely of the limitation on our work relating to the unaudited results of Medivac Healthcare Limited

we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and

we were unable to determine whether proper accounting records had been maintained

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net profit of £14,515 during the year ended 31 December 2006 and at that date the group's current liabilities exceeded its total assets by £122,327. The company incurred a net loss of £66,152 during the year ended 31 December 2006 and at that date the company's current liabilities exceeded its total assets by £75,350. These conditions, along with the other matters explained in note 1 to the financial statements, 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 do not include the adjustments that would result if the company was unable to continue as a going concern.

*GNS*

Anglia House  
285 Milton Road  
Cambridge  
CB4 1XQ

30 OCT 2007

ENSORS  
Chartered Accountants  
& Registered Auditors



# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	Year to 31 Dec 06 £	Period from 1 Sep 04 to 31 Dec 05 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>509</b>	306,103
Cost of sales		—	131,168
<b>GROSS PROFIT</b>		<b>509</b>	174,935
Research and development costs		2,844	160,941
Administrative expenses		(18,971)	289,629
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>16,636</b>	(275,635)
Interest payable and similar charges	<b>6</b>	<b>2,121</b>	5,135
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>14,515</b>	(280,770)
Tax on profit/(loss) on ordinary activities	<b>7</b>	—	(12,832)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>14,515</b>	(267,938)
Minority interests		<b>23,648</b>	(15,706)
<b>LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	<b>8</b>	<b>(9,133)</b>	(252,232)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(9,133)</b>	(252,232)

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 12 to 20 form part of these financial statements

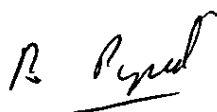
# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## GROUP BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	9	–	147,500
Tangible assets	10	–	2,000
		–	<u>149,500</u>
<b>CURRENT ASSETS</b>			
Debtors	12	15,056	54,319
Cash at bank		214	–
		<u>15,270</u>	<u>54,319</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>137,597</u>	<u>207,564</u>
<b>NET CURRENT LIABILITIES</b>		<u>(122,327)</u>	<u>(153,245)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(122,327)</u>	<u>(3,745)</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	–	133,099
		<u>(122,327)</u>	<u>(136,844)</u>
<b>MINORITY INTERESTS</b>		–	23,649
		<u>(122,327)</u>	<u>(113,195)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	99,601	99,601
Share premium account	18	1,156,237	1,156,237
Other reserves	18	(41,050)	(41,050)
Profit and loss account	18	(1,337,115)	(1,327,983)
<b>DEFICIT</b>	19	<u>(122,327)</u>	<u>(113,195)</u>

These financial statements were approved by the directors on the **30 OCT 2007** and are signed on their behalf by



Dr R Pirzad  
Director

The notes on pages 12 to 20 form part of these financial statements

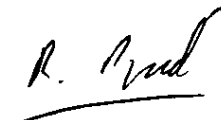
# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## COMPANY BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investments	11	—	<u>51,000</u>
<b>CURRENT ASSETS</b>			
Debtors	12	<b>14,549</b>	11,519
<b>CREDITORS: Amounts falling due within one year</b>	13	<u><b>89,899</b></u>	<u>71,717</u>
<b>NET CURRENT LIABILITIES</b>		<b>(75,350)</b>	<b>(60,198)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>(75,350)</b></u>	<u><b>(9,198)</b></u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	<b>99,601</b>	99,601
Share premium account	18	<b>1,156,237</b>	1,156,237
Profit and loss account	18	<b>(1,331,188)</b>	<b>(1,265,036)</b>
<b>DEFICIT</b>		<u><b>(75,350)</b></u>	<u><b>(9,198)</b></u>

These financial statements were approved by the directors on the **30 OCT 2007** and are signed on their behalf by



Dr R Pirzad  
Director

The notes on pages 12 to 20 form part of these financial statements

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

	Year to 31 Dec 06 £	Period from 1 Sep 04 to 31 Dec 05 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>184,549</b>	<b>(132,785)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest paid	(2,121)	(5,135)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(2,121)</b>	<b>(5,135)</b>
<b>TAXATION</b>	<b>1,666</b>	<b>8,912</b>
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>184,094</b>	<b>(129,008)</b>
<b>FINANCING</b>		
Issue of equity share capital	—	3,916
Share premium on issue of equity share capital	—	103,115
Repayment of bank loans	(32,303)	(2,950)
Net outflow from other long-term creditors	(117,500)	(34,000)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>	<b>(149,803)</b>	<b>70,081</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>34,291</b>	<b>(58,927)</b>

### RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year to 31 Dec 06 £	Period from 1 Sep 04 to 31 Dec 05 £
Operating profit/(loss)	16,636	(275,635)
Amortisation	—	40,000
Depreciation	—	22,983
Loss on disposal of fixed assets	149,500	388
Decrease in stocks	—	34,565
Decrease in debtors	37,597	10,673
(Decrease)/increase in creditors	(19,184)	34,241
<b>Net cash inflow/(outflow) from operating activities</b>	<b>184,549</b>	<b>(132,785)</b>

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## GROUP CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2006

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006		2005
	£	£	£
Increase/(decrease) in cash in the period	34,291		(58,927)
Net cash outflow from bank loans	32,303		2,950
Net cash outflow from other long-term creditors	117,500		34,000
		184,094	(21,977)
<b>Change in net funds</b>		184,094	(21,977)
<b>Net debt at 1 January 2006</b>		(183,880)	(161,903)
<b>Net funds at 31 December 2006</b>		214	(183,880)

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash	—	214	214
Cash in hand and at bank	(34,077)	34,077	—
Overdrafts	(34,077)	34,291	214
<b>Debt</b>			
Debt due within one year	(16,704)	16,704	—
Debt due after one year	(133,099)	133,099	—
	(149,803)	149,803	—
<b>Net funds</b>	(183,880)	184,094	214

# **ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

#### **Going concern**

In previous years, the group has funded its operations through a mixture of licensing revenues, product sales and capital injections from investors. Following a rationalisation of the group's activities, its future income stream will be dependent upon royalty payments to be received as a result of key agreements with a third party. The timing and amount of revenues from these agreements is inherently uncertain.

Consequently, in the short to medium term (1 to 3 years) funds to pay liabilities as they fall due will be provided, as far as possible, by loans from the directors.

In the light of the above risks, the directors have reviewed forecasts of royalty payments provided by the third party and have also reviewed forecasts of ongoing operational costs. As a result of this review the directors believe it remains appropriate to present the accounts on a going concern basis. The accounts therefore exclude any adjustments to carrying values that might be necessary, should the group be unable to continue in operation for the foreseeable future.

The company continues on the basis that its creditors will not withdraw their financial support and the directors will meet liabilities as and when they become due.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss Account Profit and Loss Account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

#### **Turnover**

Turnover represents amounts invoiced in respect of the royalty payments received in the year, exclusive of value added tax.

#### **Research and development**

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

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 1. ACCOUNTING POLICIES *(continued)*

#### **Amortisation**

Amortisation 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

Trade marks	- 80 months straight line
-------------	---------------------------

#### **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 and machinery	- 4 years straight line
Fixtures and fittings	- 4 years straight line

#### **Pension costs**

Defined contributions are made to directors' and employees' personal pension plans. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments at the balance sheet date.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Financial assets**

The company classifies its financial assets as loans and receivables. The directors determine the classification of the company's investments at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not classified as available for sale.

#### **Financial liabilities**

Financial liabilities are initially recognised when the company becomes contractually bound to transfer economic benefits in the future and are recognised at cost. Financial liabilities are derecognised once the liability has been satisfied.

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2006

#### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below.

	Year to 31 Dec 06	Period from 1 Sep 04 to 31 Dec 05
	£	£
United Kingdom	<u>509</u>	<u>306,103</u>

#### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	Year to 31 Dec 06	Period from 1 Sep 04 to 31 Dec 05
	£	£
Amortisation	–	40,000
Depreciation of owned fixed assets	–	22,983
Loss on disposal of fixed assets	149,500	388
Auditor's remuneration - as auditor	<u>5,000</u>	<u>13,500</u>

#### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	Year to 31 Dec 06	Period from 1 Sep 04 to 31 Dec 05
	No	No
Research and development	–	3
Management and administration	–	2
	<u>–</u>	<u>5</u>

The aggregate payroll costs of the above were

	Year to 31 Dec 06	Period from 1 Sep 04 to 31 Dec 05
	£	£
Wages and salaries	–	146,679
Social security costs	–	16,003
Other pension costs	326	9,903
	<u>326</u>	<u>172,585</u>



# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2006

#### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	Year to 31 Dec 06 £	Period from 1 Sep 04 to 31 Dec 05 £
Emoluments receivable	-	84,426
Value of company pension contributions to money purchase schemes	167	8,167
	<u>167</u>	<u>92,593</u>

The number of directors who accrued benefits under company pension schemes was as follows

	Year to 31 Dec 06 No	Period from 1 Sep 04 to 31 Dec 05 No
Money purchase schemes	<u>2</u>	<u>2</u>

#### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 Dec 06 £	Period from 1 Sep 04 to 31 Dec 05 £
Interest payable on bank borrowing	2,121	1,468
Bank loan interest payable	-	3,667
	<u>2,121</u>	<u>5,135</u>

#### 7. TAXATION ON ORDINARY ACTIVITIES

	Year to 31 Dec 06 £	Period from 1 Sep 04 to 31 Dec 05 £
Current tax	-	-
Corporation tax	-	-
Other adjustments	-	(12,832)
Total current tax	<u>-</u>	<u>(12,832)</u>

The adjustment shown in the preceding year relates to a research and development tax credit received from the HM Revenue & Customs under the Finance Act 2000 for research and development expenditure carried out in previous years. As the company has ceased to carry out development activities no further credits can be anticipated.

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 8. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, no profit and loss account has been prepared for Acaris Healthcare Solutions plc. The loss attributable to the parent company was £66,152 (2005 £166,864). The loss is stated after full provision has been made against amounts owed by Acaris Limited, the company's subsidiary undertaking.

### 9. INTANGIBLE FIXED ASSETS

Group and company	Trademarks £
<b>COST</b>	
At 1 January 2006	200,000
Impairment	(200,000)
<b>At 31 December 2006</b>	<u>-</u>
<b>AMORTISATION</b>	
At 1 January 2006	52,500
On impairment	(52,500)
<b>At 31 December 2006</b>	<u>-</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2006</b>	<u>-</u>
At 31 December 2005	<u>147,500</u>

### 10. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £
<b>COST</b>	
At 1 January 2006	23,778
Impairment	(23,778)
<b>At 31 December 2006</b>	<u>-</u>
<b>DEPRECIATION</b>	
At 1 January 2006	21,778
On impairment	(21,778)
<b>At 31 December 2006</b>	<u>-</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2006</b>	<u>-</u>
At 31 December 2005	<u>2,000</u>

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2006

Following a rationalisation of the group's activities, the group has ceased to carry out development activities. The directors have therefore undertaken an impairment review and consider that the group's fixed assets have no value in use for the foreseeable future. The net cumulative provision for impairment at 31 December 2006 amounted to £nil (2005 £7,192).

#### 11. INVESTMENTS

Company	Total £
<b>COST</b>	
At 1 January 2006 and 31 December 2006	<u>51,001</u>
<b>AMOUNTS WRITTEN OFF</b>	
Written off in year	<u>51,001</u>
At 31 December 2006	<u>51,001</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>-</u>
At 31 December 2005	<u>51,001</u>

The company's investments in group undertakings at the balance sheet date are as follows

##### **Acaris Limited**

Holding 100% Ordinary shares of £0.02 each

Nature of business: The development of products designed to detect allergens as part of an integrated allergen avoidance programme. The patent applications and licences in connection with the products developed have been granted to a third party, which will produce and market the products, thereby giving rise to future income streams in the form of royalty payments.

Country of registration: England

##### **Medivac Limited**

Holding 81% Ordinary shares of £1 each

Nature of business: The company went into voluntary liquidation in September 2006.

Country of registration: England

#### 12. DEBTORS

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<u>507</u>	21,235	-	-
Corporation tax repayable	-	1,666	-	-
VAT recoverable	<u>9,049</u>	5,917	<u>9,049</u>	5,279
Other debtors	<u>5,500</u>	24,761	<u>5,500</u>	5,500
Prepayments and accrued income	-	740	-	740
	<u><b>15,056</b></u>	<u><b>54,319</b></u>	<u><b>14,549</b></u>	<u><b>11,519</b></u>

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	–	50,781	497	40,338
Trade creditors	63,959	97,188	19,274	18,379
Directors' loan accounts	60,802	–	59,592	–
Other creditors including taxation and social security				
PAYE and social security	–	3,361	–	–
Other creditors	–	30,000	–	–
Accruals and deferred income	12,836	26,234	10,536	13,000
	<u>137,597</u>	<u>207,564</u>	<u>89,899</u>	<u>71,717</u>

### 14. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	–	15,599	–	–
Other creditors including				
Other loans	–	117,500	–	–
	<u>–</u>	<u>133,099</u>	<u>–</u>	<u>–</u>

The directors of the company, Dr A Cooke and Dr R Pirzad have personally guaranteed the bank overdraft up to a maximum of £20,000 each

### 15. PENSIONS

The company had contributed to individual directors' and employees' personal pension plans although these contributions ceased in the year

The assets of the schemes are held separately from those of the company in independently administered funds. The commitment under these schemes amounted to £167 (2005 £3,667) in respect of directors and £158 (2005 £1,736) in respect of employees. The company has no potential liability other than for the payment of these commitments.

No amounts were outstanding or prepaid at the balance sheet date

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 16. RELATED PARTY TRANSACTIONS

During the year the Acaris Limited wrote off a loan of £2,500 which had been owing from a director of Medivac Healthcare Limited, a fellow subsidiary undertaking. The balance outstanding at 31 December 2006 amounted to £nil (2005 £2,500). The maximum balance outstanding during the period was £2,500.

Medivac Healthcare Limited entered into liquidation in September 2006.

During the year Acaris Limited paid Dr R Pirzad, a director of the company, £3,000 for consultancy fees and £71 for travel costs incurred.

During the year, Dr A Cooke, a director of the company, paid £1,210 on behalf of Acaris Limited. This amount is included within creditors at the year end.

### 17. SHARE CAPITAL

#### Authorised share capital:

	2006 £	2005 £
50,000,000 Ordinary shares of £0.02 each	<u>1,000,000</u>	<u>1,000,000</u>

#### Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £0.02 each	<u>4,980,059</u>	<u>99,601</u>	<u>4,980,059</u>	<u>99,601</u>
<b>Equity shares</b>				
Ordinary shares of £0.02 each	<u>4,980,059</u>	<u>99,601</u>	<u>4,980,059</u>	<u>99,601</u>

At 31 December 2006 Dr R Pirzad and Dr A Cooke each held 30,302 options over ordinary shares of £0.02 each under an open ended unapproved share option scheme at a grant price of 55p per share.

### 18. RESERVES

Group	Share premium account £	Merger reserve £	Profit and loss account £
Balance brought forward	1,156,237	(41,050)	(1,327,982)
Loss for the year	—	—	(9,133)
Balance carried forward	<u>1,156,237</u>	<u>(41,050)</u>	<u>(1,337,115)</u>

# ACARIS HEALTHCARE SOLUTIONS PLC AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 18. RESERVES *(continued)*

Company	Share premium account £	Profit and loss account £
Balance brought forward	1,156,237	(1,265,036)
Loss for the year	—	(66,152)
Balance carried forward	<u>1,156,237</u>	<u>(1,331,188)</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Loss for the financial year	(9,133)	(252,232)
New equity share capital subscribed	—	3,916
Premium on new share capital subscribed	—	103,115
Net reduction to shareholders' (deficit)/funds	<u>(9,133)</u>	<u>(145,201)</u>
Opening shareholders' (deficit)/funds	<u>(113,194)</u>	<u>32,006</u>
Closing shareholders' deficit	<u>(122,327)</u>	<u>(113,195)</u>

### 20. CONTROLLING PARTIES

The group is controlled by Dr R Pirzad and Dr A Cooke, by virtue of their controlling interests in the issued ordinary share capital