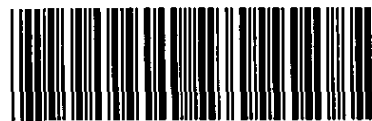


Registered number 4226185  
England and Wales

**ODONTIS LIMITED**  
**ANNUAL REPORT AND UNAUDITED ACCOUNTS**  
**31 JULY 2007**

SATURDAY



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## **ODONTIS LIMITED**

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## **ODONTIS LIMITED**

### **Company information for the period ended 31 July 2007**

**DIRECTORS:** Professor Paul Thomas Sharpe  
Dr Susan Jean Smith (resigned 13 03 07)  
George Murlewski (appointed 12 03 07)  
Valerie Celia Jolliffe

**SECRETARY:** Valerie Celia Jolliffe FCIS

**REGISTERED OFFICE:** Suite 4  
46 Dorset Street  
London W1U 7NB

**REGISTERED NUMBER:** 4226185 England and Wales

**BANKERS:** Bank of Scotland  
2<sup>nd</sup> Floor  
59 Bath Street  
Glasgow G2 2DH

**ACCOUNTANTS:** sp<sup>2</sup> Consulting Limited  
Long Spinney  
Burrows Lane  
Gomshall  
Guildford  
Surrey GU5 9QE

## **ODONTIS LIMITED**

### **Report of the directors for the period ended 31 July 2007**

The directors present their report with the financial statements of the Company for the period ended 31 July 2007

#### **Principal activity**

The principal activity of the company in the year under review was that of conducting scientific research in the field of tissue engineering for teeth

#### **Review of the business**

Odontis was awarded a £1.35 million Strategic Translation Award by the Wellcome Trust to fund a three-year development programme, starting in April 2007, to provide proof of concept for the BioTooth™ using human cells. As with the company's previous research programmes, the technical work is being sub-contracted to King's College London Dental Institute. Progress has been good and in line with the technical milestones.

The company has set up a Research Steering Group, comprising eminent clinicians and industry experts, which meets quarterly to oversee the development programme and to review progress.

In March, the board welcomed George Murlewski as a director replacing Dr Susan Smith as the representative of King's College.

#### **Directors**

The directors in office during the year and their beneficial interests in the company were as follows:

	<b>31 July 2007</b>	<b>31 July 2006</b>
	<b>Ordinary 1p</b>	<b>Ordinary 1p</b>
	<b>shares</b>	<b>shares</b>
Professor Paul Sharpe	2,667	2,667
Dr Susan Smith (resigned 13 03 07)	-	-
George Murlewski (appointed 12 03 07)	-	-
Valerie Jolliffe	-	-

### **Statement of directors' responsibilities**

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 profit and loss of the company for that period. In preparing those financial statements the director is required to

- select suitable accounting policies and then apply them consistently
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Political and charitable contributions**

The company made no political or charitable contributions during the year.

The financial statements and the above report are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**On behalf of the board:**



Valene Jolliffe – SECRETARY

Approved by the Board      13 December 2007

# **ODONTIS LIMITED**

## **Profit and loss account for the year ended 31 July**

	Notes	2007 £	2006 £
<b>TURNOVER</b>		<b>0</b>	<b>0</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>0</b>	<b>0</b>
Administrative expenses		(138,587.78)	(215,650.45)
		<u>(138,587.78)</u>	<u>(215,650.45)</u>
Interest receivable		9,181.62	4,240.78
		<u>9,181.62</u>	<u>4,240.78</u>
<b>Operating loss on ordinary activities before taxation</b>	2	<b>(129,406.16)</b>	<b>(211,409.67)</b>
Tax on loss on ordinary activities	3	0	0
		<u>0</u>	<u>0</u>
<b>Loss for the financial year after taxation</b>		<b>(129,406.16)</b>	<b>(211,409.67)</b>
		<u>(129,406.16)</u>	<u>(211,409.67)</u>
<b>Retained loss for the financial year</b>		<b>(129,406.16)</b>	<b>(211,409.67)</b>
		<u>(129,406.16)</u>	<u>(211,409.67)</u>
<b>Retained loss at 1 August 2006</b>		<b>( 725,917.66)</b>	<b>( 514,507.99)</b>
		<u>( 725,917.66)</u>	<u>( 514,507.99)</u>
<b>Retained loss at 31 July 2007</b>		<b>(855,323.82)</b>	<b>(725,917.66)</b>
		<u><u>(855,323.82)</u></u>	<u><u>(725,917.66)</u></u>

All of the company's activities in the above two financial years derived from continuing operations

The company has no recognised gains and losses other than the profit and loss for the period

The notes form part of these financial statements

**ODONTIS LIMITED**  
**Balance sheet as at 31 July**

	Notes	2007		2006	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	4		0		0
<b>CURRENT ASSETS</b>					
Debtors	5	23,228.22		2,045.53	
Cash at bank		408,861.72		101,524.88	
			432,089.72		103,570.41
<b>NET CURRENT LIABILITIES</b>	6		(22,587.03)		(64,661.33)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			409,502.91		38,909.07
<b>LONG TERM LIABILITIES</b>			(910,000.00)		(410,000.00)
			(500,497.09)		(371,090.93)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7		116.66		116.66
Share premium account			354,710.07		354,710.07
Profit and loss account - loss			(855,323.82)		(725,917.66)
<b>Shareholders' funds</b>			(500,497.09)		(371,090.93)

For the financial year ended 31 July 2007 the company was entitled to exemption from audit under section 249A (1) Companies Act 1985 and no notice has been deposited under section 249 B (2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit and loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985 so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**ON BEHALF OF THE BOARD**

*V. C. Jolliffe*

Valerie Jolliffe – DIRECTOR

Approved by the Board on 13 December 2007  
The notes form part of these financial statements

## **ODONTIS LIMITED**

### **Notes to the financial statements for the period ended 31 July 2007**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002)

##### **Cash flow**

The accounts do not require a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement (under Financial Reporting Standard 1)

##### **Turnover**

Turnover represents the net invoiced value of services provided, excluding value added tax

##### **Tangible fixed assets**

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

Laboratory equipment                      - straight line over 2 years

##### **Intangible fixed assets and intellectual property**

Intangible fixed assets arising as a result of the transfer of intellectual property rights from a shareholder to the company are written off in full in the year in which they are acquired

##### **Deferred taxation**

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws

##### **Research and development**

Expenditure on research and development is written off in the year in which it is incurred



## 2. OPERATING LOSS

The operating loss is stated after charging

	Year to 31.7.2007 £	Year to 31.7.2006 £
Depreciation – owned assets	0.00	0.00
Amortisation – intangible assets	0.00	0.00
Directors' emoluments and other benefits	0.00	0.00

## 3. TAXATION

No liability to UK corporation tax arose on ordinary activities for the period ended 31 July 2007

## 4. TANGIBLE FIXED ASSETS

	<u>Total</u> £
<b>COST:</b>	
At 31 July 2006	0.00
Additions	0.00
Disposals	0.00
	-----
At 31 July 2007	0.00
	=====
<b>DEPRECIATION:</b>	
At 31 July 2006	0.00
Charge for period	0.00
	-----
At 31 July 2007	0.00
	=====
<b>NET BOOK VALUE</b>	
At 31 July 2006	0.00
	=====
At 31 July 2007	0.00
	=====

## 5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year to 31.7.2007 £	Year to 31.7.2006 £
VAT debtors	17,128.86	620.83
Sundry debtors	6,099.36	1,424.70
	-----	-----
Total	23,228.22	2,045.53
	=====	=====

## 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year to 31.7.2007 £	Year to 31.7.2006 £
Accrued expenses	22,587.03	64,661.33

## 7. CONTRACTUAL COMMITMENTS

There are contractual obligations in respect of research services to be incurred as follows

	Year to 31.7.2007 £	Year to 31.7.2006 £
Amounts falling due within 12 months	(375,984.81)	0 00
Amounts falling after 1 year and within 5 years	(657,250.67)	0 00
Total	<u>(1,033,235.47)</u> =====	<u>0 00</u> =====

## 8. RESERVES

	Year to 31.7.2007 £	Year to 31.7.2006 £
At 1 <sup>st</sup> August 2006	(725,917.66)	(211,409.67)
Retained (loss)/profit for the year	(118,600.60)	(514,507.99)
Total	<u>(844,518.26)</u> =====	<u>(725,917.66)</u> =====

## 9. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	Year to 31.7.2007 Nominal value £	Year to 31.7.2006 Nominal value £
13,000	Ordinary	1p shares	130	130
12,000	A	1p shares	120	120

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	Year to 31.7.2007	Year to 31.7.2006
			Nominal value £	Nominal value £
8,333	Ordinary	1p shares	83.33	83.33
3,333	A	1p shares	33.33	33.33

No shares were issued during the year

**10. CONVERTIBLE LOAN ARRANGEMENTS**

On 1 April 2004 the company entered into convertible loan arrangements with two lenders for a total of £410,000, convertible at the rate of one new A ordinary share for every £75 of loan advanced, in full or part, at the lender's option at any time after three years from completion

On 8 January 2007, the company entered into a convertible loan arrangement with the Wellcome Trust for a total of a further £1 35 million

£500,000 was received during the year from this convertible loan arrangement Under the terms of this loan, the remaining £850,000 will be made available in tranches against certain performance milestones The loan is convertible on achievement of the milestones at the rate of one new A ordinary share for every £75 of loan advanced

**11. GOING CONCERN**

The accounts have been prepared on the going concern basis which assumes that the Company will continue to trade for the foreseeable future and that it will meet its liabilities as they fall due The directors have reviewed and continue to review the financial position The directors are of the opinion that the company can continue to operate for the foreseeable future

For management  
information only

**ODONTIS LIMITED**

**Profit and loss account for the year ended 31 July**

	£	2007 £	£	2006 £	£
<b>Sales</b>			0		0
<b>Other income</b>					
Interest received		9,181.62		4,240.78	
<b>Expenditure</b>					
Directors' remuneration	0.00			0.00	
Staff costs	0.00			0.00	
Consultancy services	2,411.50			0.00	
Contracted research	101,974.19		177,484.00		
Laboratory consumables	0.00			0.00	
Audit and accountancy	2,400.00		2,250.00		
Patent costs	20,541.21		21,691.85		
Facilities fees	0.00			0.00	
Legal and professional charges	9,295.20			0.00	
Administration and management charges	0.00		12,000.00		
Insurance	1,566.90		2,027.10		
Printing postage & stationery	0.00			0.00	
Regulatory and statutory fees	15.00			30.00	
Internet, computing and web charges	377.50		127.50		
Premises	0.00			40.00	
	(138,581.50)		(215,650.45)		
<b>Finance costs</b>					
Bank charges	6.28			0.00	
<b>Depreciation</b>					
Laboratory equipment	0.00			0.00	
<b>Amortisation</b>					
Intellectual property	0.00			0.00	
		(138,581.78)		(215,650.45)	
<b>NET PROFIT</b>		(129,406.16)		(211,409.67)	

This page does not form part of the statutory accounts