

Registered

Company Registration No 04251061 (England and Wales)

ADVANCED OXIDATION LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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ADVANCED OXIDATION LIMITED

COMPANY INFORMATION

Directors

P Cullen
A Everett (Appointed 1 June 2010)
N Adlam (Appointed 22 June 2011)
D Twitchen (Appointed 22 June 2011)

Secretary

Michelmores Secretaries Limited

Company number

04251061

Registered office

Unit 1 Homelands Business Centre
Burrington
Umberleigh
Devon
EX37 9JB

Auditors

Albert Goodman LLP
Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

ADVANCED OXIDATION LIMITED

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ADVANCED OXIDATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the company continued to be that of manufacture and distribution of equipment for the treatment of industrial waste water

Directors

The following directors have held office since 1 January 2010

P Cullen	
C Ogilvie Thompson	(Resigned 31 December 2010)
A Everett	(Appointed 1 June 2010)
S Wheeler	(Appointed 12 July 2010 and resigned 22 June 2011)
B P Grunwald	(Appointed 10 December 2010 and resigned 17 June 2011)
N Adlam	(Appointed 22 June 2011)
D Twitchen	(Appointed 22 June 2011)

Auditors

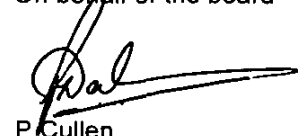
The auditors, Albert Goodman LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



P Cullen

Director

15th August 2011

ADVANCED OXIDATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

The directors are responsible for preparing the Directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADVANCED OXIDATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED OXIDATION LIMITED

We have audited the financial statements of Advanced Oxidation Limited for the year ended 31 December 2010 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities). The financial statements for the year ended 31 December 2008 were not audited although an audit should have been completed.

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 an 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 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 Directors' Responsibilities Statement set out on page 2, 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 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.

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

ADVANCED OXIDATION LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF ADVANCED OXIDATION LIMITED**


Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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



**David Griffin FCA (Senior Statutory Auditor)
for and on behalf of Albert Goodman LLP
Chartered Accountants
Statutory Auditor**

25th August 2011

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

ADVANCED OXIDATION LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

		2010	2009
	Notes	£	£
Turnover		658,231	189,628
Cost of sales		(446,858)	(235,850)
Gross profit/(loss)		211,373	(46,222)
Administrative expenses		(285,618)	(116,997)
Other operating income		-	338
Operating loss	2	(74,245)	(162,881)
Other interest receivable and similar income	3	514	65
Interest payable and similar charges		(44,997)	(61,514)
Loss on ordinary activities before taxation		(118,728)	(224,330)
Tax on loss on ordinary activities	4	-	(7,500)
Loss for the year	10	(118,728)	(231,830)

ADVANCED OXIDATION LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	5		154,055		4,737
Current assets					
Stocks		486,465		69,248	
Debtors	6	98,804		21,183	
Cash at bank and in hand		778,225		104,039	
		<u>1,363,494</u>		<u>194,470</u>	
Creditors: amounts falling due within one year	7	<u>(217,119)</u>		<u>(312,457)</u>	
Net current assets/(liabilities)			<u>1,146,375</u>		<u>(117,987)</u>
Total assets less current liabilities			<u>1,300,430</u>		<u>(113,250)</u>
Creditors. amounts falling due after more than one year	8		<u>(57,864)</u>		<u>(335,751)</u>
			<u>1,242,566</u>		<u>(449,001)</u>
Capital and reserves					
Called up share capital	9		1,938,729		435,576
Share premium account	10		920,935		613,793
Profit and loss account	10		<u>(1,617,098)</u>		<u>(1,498,370)</u>
Shareholders' funds			<u>1,242,566</u>		<u>(449,001)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Board for issue on 15/ AUGUST/2011.


P Cullen
Director

Company Registration No 04251061

ADVANCED OXIDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT. For a supply of goods, turnover is recognised when the goods are despatched.

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% reducing balance
Computer equipment	33% straight line
Fixtures, fittings & equipment	10% straight line
Motor vehicles	25% straight line

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

2 Operating loss

	2010 £	2009 £
Operating loss is stated after charging:		
Depreciation of tangible assets	50,117	11,439
Auditors' remuneration	6,000	6,000
Directors' remuneration	107,000	60,000

3 Investment income

	2010 £	2009 £
Bank interest	514	65
	514	65

ADVANCED OXIDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

4	Taxation	2010 £	2009 £
	Domestic current year tax		
	Adjustment for prior years	-	7,500
	Current tax charge	-	7,500

The company has estimated losses of £ 1,270,000 (2009 - £ 1,080,000) available for carry forward against future trading profits

5	Tangible fixed assets	Plant and machinery etc £
	Cost	
	At 1 January 2010	168,130
	Additions	203,030
	Disposals	(15,054)
	At 31 December 2010	356,106
	Depreciation	
	At 1 January 2010	163,393
	On disposals	(11,459)
	Charge for the year	50,117
	At 31 December 2010	202,051
	Net book value	
	At 31 December 2010	154,055
	At 31 December 2009	4,737

6	Debtors	2010 £	2009 £
	Trade debtors	61,748	4,058
	Other debtors	37,056	17,125
		98,804	21,183

ADVANCED OXIDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

7 Creditors amounts falling due within one year	2010	2009
	£	£
Bank loans and overdrafts	-	80,000
Trade creditors	103,871	63,058
Taxation and social security	9,109	874
Other creditors	104,139	168,525
	<u>217,119</u>	<u>312,457</u>

The bank loan and other creditors are secured

8 Creditors amounts falling due after more than one year	2010	2009
	£	£
Other creditors	<u>57,864</u>	<u>335,751</u>
Analysis of loans		
Wholly repayable within five years	92,580	496,202
Included in current liabilities	(34,716)	(160,451)
	<u>57,864</u>	<u>335,751</u>

The other creditors are secured

9 Share capital	2010	2009
	£	£
Allotted, called up and fully paid		
1,938,729 Ordinary Shares of £1 each	1,938,729	242,718
"A" Preferred shares of £1 each	-	192,858
	<u>1,938,729</u>	<u>435,576</u>

During the year the "A" preferred shares of £1 each were re-designated as ordinary shares of £1 each. The holders of the "A" preferred shares received a bonus issue of 1 ordinary £1 share for each £1 "A" preferred share held until the re-designation. 310,295 ordinary £1 shares were issued in place of £310,295 of debt and 1,000,000 ordinary £1 shares were issued for cash consideration totalling £1,500,000.

ADVANCED OXIDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2010	613,793	(1,498,370)
Loss for the year	-	(118,728)
Premium on shares issued during the year	500,000	-
Share premium - bonus issue	(192,858)	-
Balance at 31 December 2010	920,935	(1,617,098)

11 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	2010 £	2009 £
Operating leases which expire		
Within one year	8,350	-

12 Capital commitments

	2010 £	2009 £
At 31 December 2010 the company had capital commitments as follows		
Authorised but not contracted for	20,000	-
	20,000	-

13 Control

The company's immediate parent company is Element Six Ventures SARL, a company incorporated in Luxembourg. The parent company of the smallest group of undertakings of which the company is a member and in whose group accounts it is included is Element Six SA (100%), a company incorporated in Luxembourg.

The company's ultimate parent and controlling company is De Beers SA, a company incorporated in Luxembourg, which is the parent undertaking of the largest and smallest group for which group accounts are prepared and publically available.

ADVANCED OXIDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

14 Related party relationships and transactions

Included within creditors are loans from Element Six Technologies Sarl and its subsidiary Element Six Ventures Sarl totalling £nil (2009 £212,752), with interest paid in the year of £765 (2009 £22,306) Both of these companies are shareholders in Advanced Oxidation Ltd and together hold a controlling interest at the balance sheet date

Purchases amounting to £550,341 (2009 £48,363) were made from the Element Six shareholders during the year and £69,292 (2009 £33,831) is included in trade creditors at the year end

Included within creditors are loans from Finance Cornwall Mezzanine Fund Ltd, a further shareholder in the company, totalling £92,580 (2009 £203,450), with interest and charges for the period due of £41,991 (2009 £32,400)