

Registration number 05568643

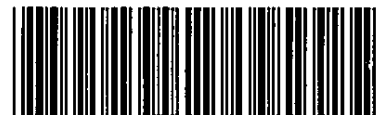
Medalytix (Group) Limited

Unaudited Abbreviated Accounts

for the Year Ended 31 August 2012

Martin Coles Aims Accountants for Business
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Medalytix (Group) Limited
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The following reproduces the text of the accountants' report in respect of the company's annual financial statements, from which the abbreviated accounts (set out on pages 2 to 6) have been prepared

**Chartered Accountants' Report to the Board of Directors on the Preparation of the
Unaudited Statutory Accounts of
Medalytix (Group) Limited
for the Year Ended 31 August 2012**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Medalytix (Group) Limited for the year ended 31 August 2012 set out on pages from the company's accounting records and from information and explanations you have given us

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at icaew.com/membershandbook

This report is made solely to the Board of Directors of Medalytix (Group) Limited, as a body, in accordance with the terms of our engagement letter dated 19 December 2010. Our work has been undertaken solely to prepare for your approval the accounts of Medalytix (Group) Limited and state those matters that we have agreed to state to them, as a body, in this report in accordance with AAF 2/10 as detailed at icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Medalytix (Group) Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Medalytix (Group) Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Medalytix (Group) Limited. You consider that Medalytix (Group) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Medalytix (Group) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



Martin Coles Aims Accountants for Business
14 Dymott Square
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Trowbridge
Wiltshire
BA14 7RW
28 February 2013

Medalytix (Group) Limited
(Registration number: 05568643)
Abbreviated Balance Sheet at 31 August 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible fixed assets		230,416	261 232
Tangible fixed assets		24,209	50 386
Investments		<u>2</u>	<u>2</u>
		<u>254 627</u>	<u>311 620</u>
Current assets			
Debtors		33,225	631 095
Cash at bank and in hand		<u>45,541</u>	<u>215 396</u>
		78,766	846,491
Creditors Amounts falling due within one year		<u>(62,117)</u>	<u>(121 664)</u>
Net current assets		<u>16 649</u>	<u>724 827</u>
Net assets		<u>271,276</u>	<u>1,036,447</u>
Capital and reserves			
Called up share capital	3	659,959	659 959
Share premium account		2,505 501	2,505,501
Profit and loss account		<u>(2 894 184)</u>	<u>(2,129,013)</u>
Shareholders' funds		<u>271 276</u>	<u>1 036 447</u>

For the year ending 31 August 2012 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006

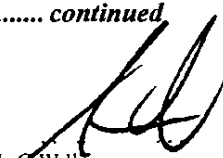
The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008)

Approved by the Board on 7 March 2013 and signed on its behalf by

Medalytix (Group) Limited
(Registration number: 05568643)
Abbreviated Balance Sheet at 31 August 2012

..... continued



Mr C Willis
Director

Medalytix (Group) Limited

Notes to the Abbreviated Accounts for the Year Ended 31 August 2012

1 Accounting policies

Basis of preparation

The full financial statements, from which these abbreviated accounts have been extracted have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

The company provides funding for its wholly owned subsidiary Medalytix Ltd (together referred to as the Group) For the purposes of assessing the basis of preparation of these financial statements the directors have considered the group as a whole as this better reflects this overall position The company has committed to provide financial support to Medalytix Ltd as required

The Group reached an advanced phase of product commercialisation and sub licenced its lead product during the year in advance of generating significant revenues Accordingly during the year ended 31st August 2012 the Group incurred after tax losses of £133 458 resulting in a final cash balance of £46 053 During the year ended 31st August 2011 the company incurred after tax losses of £490,833 and had a final cash balance of £220,621

The directors have prepared detailed cash flow forecasts for the next 12 months which show that the Group will have adequate cash to meet its requirements during the forecast period These forecasts reflect the considerable reductions in costs that the directors have achieved to date However the forecasts also assume cash receipts from royalty income on third party sales that have not yet been secured and the directors recognise that there is a risk that the forecast sales may be delayed or not take place If the forecast royalty income is delayed or does not arise the company is likely to require additional cash funding from an external source

One of the shareholders has indicated that they will provide additional investment as required

Taking account of the above the directors believe that for the foreseeable future the Group will be able to meet all its obligations as they fall due and accordingly continue to prepare financial statements on the going concern basis

However there is no certainty that sufficient additional funding will be available to the company and should the Group not receive the forecast royalty income and alternative funding is not available then the company and its subsidiary may not be able to continue in operational existence In these circumstances the company's assets may not be realised at their carrying value and additional liabilities may arise

These conditions indicate the existence of a material uncertainty which may cast doubts 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

Turnover

Turnover represents amounts chargeable net of value added tax in respect of the sale of goods and services to customers

Government grants

Grants are credited to the profit and loss account so as to match them with the expenditure to which they relate and only when the conditions of receipt have been complied with and there is reasonable assurance the grant will be received

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

Asset class
Intangible Assets

Amortisation method and rate
10% straight line

Medalytix (Group) Limited

Notes to the Abbreviated Accounts for the Year Ended 31 August 2012

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Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Computer equipment	accelerated depreciation to reflect residual value of nil
Software Development	33 3% reducing balance

Research and development

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

2 Fixed assets

	Intangible assets £	Tangible assets £	Investments £	Total £
Cost				
At 1 September 2011	308,190	95,453	2	403,645
At 31 August 2012	308,190	95,453	2	403,645
Depreciation				
At 1 September 2011	46,958	45,067	-	92,025
Charge for the year	30,816	26,177	-	56,993
At 31 August 2012	77,774	71,244	-	149,018
Net book value				
At 31 August 2012	230,416	24,209	2	254,627
At 31 August 2011	261,232	50,386	2	311,620

Medalytix (Group) Limited

Notes to the Abbreviated Accounts for the Year Ended 31 August 2012

..... *continued*

3 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No	£	No	£
Ordinary of £1 each	10 987	10 987	10 987	10,987
Deferred of £1 each	648 972	648 972	648 972	648 972
	<u>659 959</u>	<u>659 959</u>	<u>659 959</u>	<u>659 959</u>

4 Control

The company is controlled by none of the individual shareholders. The shareholding is split between the following parties:

	Voting rights %
Rising Stars Growth Fund	29.43%
Alliance Fund Managers Nominees Limited	22.34%
Corporacion Empresarial ONCE SA	19.01%
Hotspur Capital shareholders	20.92%
Other shareholders	8.30%