Greenbottle Limited

Financial Statements
for the year ended 31 March 2009

Registered number: 05756226

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Greenbottle Limited

Company Information

Directors	M W Myerscough P Bateman J W Burton S C King
Secretary	D W Armour
Company Number	05756226
Registered office	Thames House Portsmouth Road Esher Surrey KT10 9AD
Accountants	Grant Thornton UK LLP Crown House Crown Street Ipswich IP1 3HS
Solicitors	Birketts LLP 24-26 Museum Street, Ipswich, Suffolk, IP1 1HZ
Bankers	Barclays Bank Plc Princes Street Ipswich Suffolk

Directors' report

The directors present their annual report for the year ended 31 March 2009.

Principal activities

The company's principal activity during the year continued to be the development and production of recyclable liquid containers.

Directors

The following directors served during the year:

M W Myerscough
J W Burton
M D Steinson (resigned 7 May 2008)
S C King
A L Hughes (appointed on 12 May 2008 and resigned 31 January 2009)
P Bateman (appointed 1 August 2008)

The report of the directors has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

P Bateman
Director

28 January 2010

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual 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 International Financial Reporting Standards as adopted by the European Union. The financial statements are required to 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 year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that 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 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.

Grant Thornton

Chartered accountants' report to the board of directors on the unaudited financial statements of Greenbottle Limited

In accordance with the engagement letter dated 13 January 2010, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company for the year ended 31 March 2009 which comprise the accounting policies, income statement, statement of recognised income and expense, balance sheet, cashflow statement and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. 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 financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
IPSWICH

28 January 2010

Income statement for the year ended 31 March 2009

	Note	2009 £	2008 £
Continuing operations			
Other income	5	**32,547**	18,544
Administrative expenses		**(1,920,619)**	(475,043)
Other expenses		**-**	(91)
Operating loss	2	**(1,888,072)**	(456,590)
Loss before tax		**(1,888,072)**	(456,590)
Tax on loss on ordinary activities	6	**50,282**	-
Loss for the year from continuing operations		**(1,837,790)**	(456,590)
Attributable to : Equity holders		**(1,837,790)**	(456,590)

Earnings per share		**£**	£
From continuing operations – basic and diluted	7	**(0.27)**	(0.12)

The accompanying accounting policies and notes form part of the financial statements

Balance sheet at 31 March 2009

	Note	2009 £	2008 £
Assets			
Non-current assets			
Property, plant and equipment	8	**28,522**	11,113
Intangible assets	9	**96,818**	248,832
		125,340	259,945
Current assets			
Inventories		**12,108**	-
Other receivables	11	**37,773**	60,267
Cash and cash equivalents	12	**162,268**	485,192
		212,149	545,459
Total assets		**337,489**	805,404
Equity and liabilities			
Equity attributable to equity holders of the company			
Ordinary shares	13,14	**677**	677
Share premium	14	**1,157,489**	1,157,489
Retained earnings	14	**(2,356,675)**	(518,885)
Total equity		**(1,198,509)**	639,281
Liabilities			
Current liabilities			
Trade and other payables	15	**315,998**	166,123
Non current liabilities			
Borrowings	16	**1,220,000**	-
Total liabilities		**1,535,998**	166,123
Total equity and liabilities		**337,489**	805,404

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of sections 249A (1), and that no members have requested an audit pursuant to section 249B (2) of the Act.

The directors acknowledge their responsibilities for:
(i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
(ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the directors and authorised for issue on 28/1/10 and are signed on their behalf by:

P Bateman
Director

The accompanying accounting policies and notes form part of the financial statements

Statement of recognised income and expense for the year ended 31 March 2009

	2009 £	2008 £
Total income and expense items recognised directly in equity		
Loss for the year	**(1,837,790)**	(456,590)
Total recognised income and expense for the year	**(1,837,790)**	(456,590)
Attributable to:		
Equity holders of the company	**(1,837,790)**	(456,590)
	(1,837,790)	(456,590)

The accompanying accounting policies and notes form part of the financial statements

Cash flow statement for the year ended 31 March 2009

	Note	2009 £	2008 £
Cash flows from operating activities			
Cash paid to suppliers and employees		**(1,479,271)**	(474,058)
Net cash used in operating activities		**(1,479,271)**	(474,058)
Cash flows from investing activities			
Purchase of intangible assets	9	**(103,893)**	(228,815)
Purchase of property, plant and equipment	8	**(23,592)**	(15,056)
Taxation		**50,282**	-
Net interest received /(paid)		**13,550**	18,453
Net cash used in investing activities		**(63,653)**	(225,418)
Cash flows from financing activities			
Proceeds from the issue of share capital	14	**-**	1,176,596
Loan notes issued	16	**1,220,000**	-
Net cash from / (used in) financing activities		**1,220,000**	1,176,596
Net increase in cash and cash equivalents		**(322,924)**	477,120
Cash and cash equivalents at beginning of year		**485,192**	8,072
Cash and cash equivalents at end of year	12	**162,268**	485,192

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis. The directors consider this basis is appropriate as the company has agreements in place for the generation of future income streams and they are satisfied that negotiations for additional funding are sufficiently advanced for them to be confident that there will be adequate funding to meet the company's working capital requirements for at least the forthcoming twelve months from the date of approving the financial statements for the year ended 31 March 2009.

(b) Adoption of IFRS

At the date of authorisation of these financial statements, the following relevant standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IAS 1 "Presentation of Financial Statements" (revised 2007) (effective 1 January 2009)
- IAS 23 "Borrowing Costs" (revised 2007) (effective 1 January 2009)
- Amendment to IFRS 2 "Share-based Payment - Vesting Conditions and Cancellations" (effective 1 January 2009)
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement - Eligible Hedged Items" (effective 1 July 2009)
- Amendments to IFRS 7 "Financial Instruments: Disclosures - Improving Disclosures About Financial Instruments" (effective 1 January 2009)
- Amendments to IAS 39 and IFRIC 9 "Embedded Derivatives" (effective for annual periods ending on or after 30 June 2009)
- IFRS 8 "Operating Segments" (effective 1 January 2009)
- IFRIC 15 "Agreements for the Construction of Real Estate" (effective 1 January 2009)

The directors are of the opinion that the implementation of the above standards is unlikely to have a material financial impact on the results of the Company.

(c) Intangible assets

Under IAS 38, prototype machines are classified as intangible assets. Intangible assets are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. When prototype machinery has been developed which has subsequently been superseded, the original expenditure has been written off as an impairment. Intangible assets are amortised from the date they are available for use.

Amortisation rates and methods are reviewed annually and adjusted if appropriate.

Accounting policies (continued)

(d) Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value over the estimated useful life on the following basis:

- Computer equipment – 3 years straight line
- Motor cars – 25% reducing balance
- Fixtures and fittings – 3 years straight line

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the income statement.

(e) Impairment of assets

The company assesses at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

For intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(f) Inventories

Inventories is valued at the lower of cost or net realisable value.

(g) Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the company is no longer a party to the contractual provisions of the instrument.

(h) Trade payables

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Accounting policies (continued)

(i) Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the balance sheet. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

(j) Provisions

Provisions are recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Revenue

Revenue comprises sales and services to external customers (excluding VAT and other sales taxes). Consideration received from customers is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

(l) Share based payments

The company has applied the exemption under IFRS 1 and elects to apply IFRS2 only to awards of equity instruments made after 7 November 2002 that had not vested by 1 January 2006.

Options are measured at fair value at grant date using an appropriate model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

Cash settled share based payment transactions results in the recognition of a liability at its current fair value.

(m) Borrowings

Borrowings are initially recognised at fair value plus any transaction costs associated with the issue of the relevant financial liability. Subsequent to initial recognition borrowings are measured at amortised cost with interest accounted for on an accruals basis using the effective interest method.

(n) Significant management judgements in applying accounting policies

Development expenditure: significant judgement is required in identifying the development expenditure and assessing whether it meets the criteria for capitalisation.

Notes to financial statements

1 Segment reporting

The company operates in one geographical segment, the United Kingdom, and has one business segment which concentrates on the development and production of recyclable liquid containers.

2 Operating loss

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Company operating loss for the year is stated after the following:		
Staff costs	**530,188**	139,667
Depreciation	**6,183**	3,943
Amortisation and impairment of intangible assets	**255,907**	-

During the year development expenditure of £450,658 was recognised as an expense.

3 Auditors' remuneration

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	-	3,750
Fees payable to the company's auditor and its associates for other services:		
Other services pursuant to legislation	-	2,000
Other services	**53,157**	500

4 Staff costs

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Staff costs comprised:		
Wages and salaries	**469,592**	126,041
Social security costs	**42,860**	13,626
Other pension costs	**17,736**	-
	530,188	139,667
The number of employees can be categorised as follows:		
Administration employees	**10**	7

Notes to financial statements (continued)

5 Other income

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Services rendered	18,997	-
Interest on short-term deposits	13,550	18,544
	32,547	18,544

6 Income tax

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Current tax:		
UK corporation tax:		
Adjustment in respect of prior year	(50,282)	-
Deferred tax:	-	-
	(50,282)	-

Corporation tax is calculated at 21% (2008: 20 %) of the estimated assessable loss for the year.

The tax charge for the period can be reconciled to the loss for the year as follows:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Loss before tax at 21% (2008: 20%)	(385,935)	(91,318)
Capital allowances in excess of depreciation	-	(26)
Non-deductible expenses	1,278	196
Losses carried forward	384,657	91,148
Adjustment in respect of prior year	(50,282)	-
Current tax charge	(50,282)	-

The adjustment in respect of the prior year relates to receipt of a Research & Development tax credit.

Notes to financial statements (continued)

7 Earnings per share

	2009 £	2008 £
Reconciliation of net loss to basic earnings:		
Net loss attributable to equity holders	**(1,837,790)**	(456,590)
Basic earnings	**(1,837,790)**	(456,590)
Basic earnings on continued operations	**(1,837,790)**	(456,590)
Reconciliation of basic earnings to diluted earnings:		
Basic earnings	**(1,837,790)**	(456,590)
Diluted earnings	**(1,837,790)**	(456,590)
Diluted earnings from continued operations	**(1,837,790)**	(456,590)

Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:	No. of shares in year ended 31 March 2009	No. of shares in year ended 31 March 2008
Basic weighted average number of ordinary shares	**6,772,962**	3,668,939
Diluted weighted average number of ordinary shares	**6,772,962**	3,668,939

The weighted number of shares used in the calculation of basic and diluted earnings per share is the same for continuing and total earnings per share calculations.

Notes to financial statements (continued)

8 Property, plant and equipment

	Motor vehicles	Furniture and fittings	Total
	£	£	£
Cost			
At 1 April 2007	-	-	-
Additions	12,910	2,146	15,056
At 31 March 2008	12,910	2,146	15,056
Additions	-	23,592	23,592
At 31 March 2009	**12,910**	**25,738**	**38,648**
Accumulated depreciation/impairment			
At 1 April 2007	-	-	-
Depreciation	3,228	715	3,943
At 31 March 2008	3,228	715	3,943
Depreciation	1,344	4,839	6,183
At 31 March 2009	**4,572**	**5,554**	**10,126**
Carrying value at 31 March 2008	9,682	1,431	11,113
Carrying value at 31 March 2009	**8,338**	**20,184**	**28,522**

Notes to financial statements (continued)

9 Intangible assets

	Prototype assembly machine
	£
Cost	
At 1 April 2007	25,021
Additions	228,815
At 31 March 2008	253,836
Additions	103,893
At 31 March 2009	**357,729**
Accumulated amortisation	
At 1 April 2007	5,004
Additions	-
At 31 March 2008	5,004
Amortisation and impairment	255,907
At 31 March 2009	**260,911**
Carrying value at 31 March 2008	248,832
Carrying value at 31 March 2009	**96,818**

Notes to financial statements (continued)

10 Deferred tax

No deferred tax asset has been recognised on unused tax losses amounting to approximately £2,000,000 (2008: £526,000) as it is not considered prudent to recognise an asset at this current time. During the year tax losses of £312,000 were utilised in a Research and Development tax credit claim in respect of the prior year.

11 Other receivables

	2009	2008
	£	£
Analysed as follows:		
Prepayments	**10,290**	4,389
Other debtors	**27,483**	55,878
	37,773	60,267

12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

	2009	2008
	£	£
Cash on hand and balances with banks	**162,268**	485,192
Cash and cash equivalents	**162,268**	485,192

Notes to financial statements (continued)

13 Ordinary shares

Authorised	2009 £	2008 £
20,000,000 ordinary shares of £0.0001 each	**2,000**	1,500
	2,000	1,500
Issued and fully paid for		
6,772,962 ordinary shares of £0.0001 each	**677**	677
	677	677

14 Capital and reserves

	Ordinary shares	Share premium	Retained earnings	Total
	£	£	£	£
Balance at 1 April 2007	548	49,961	(62,295)	(11,786)
Changes in equity for 2008				
Loss for the year	-	-	(525,529)	(525,529)
Issue of share capital	129	1,176,467	-	1,176,596
Costs relating to share issue	-	(68,939)	68,939	-
Balance at 31 March 2008	**677**	**1,157,489**	**(518,885)**	**639,281**
Changes in equity for 2009				
Loss for the period	-	-	(1,837,790)	(1,837,790)
Balance at 31 March 2009	**677**	**1,157,489**	**(2,356,675)**	**1,198,509**

15 Trade and other payables
Falling due within 1 year

	2009 £	2008 £
Accrued expenses	**68,725**	21,221
Social security and other taxes	**16,982**	8,978
Trade payables	**160,227**	135,924
Other	**70,064**	-
	315,998	166,123

16 Trade and other payables
Falling due in more than 1 year

	2009 £	2008 £
Convertible loan notes	**1,220,000**	-

The convertible loan notes are convertible into ordinary shares upon a sale or listing, and in any event on 30 June 2011. The loan notes are unsecured and carry no right to interest. The loan notes have been recognised at their nominal value and the directors have not quantified the effect on their fair value of the particular terms of the loan notes.

Notes to financial statements (continued)

17 Events after the balance sheet date

Post year end, the company raised an additional sum of £557,336 by way of share issue.

18 Related parties

	2009	2008
	£	£
Directors:		
Aggregate emoluments	290,075	83,077
Pension contributions	17,736	-
	307,811	83,077
The highest paid directors emoluments were as follows:		
Aggregate emoluments	82,083	
Pension contributions	6,333	
	88,416	

During the year, the company made purchases of £nil (2008: £4,758) from Altorian Financial Management Limited, a company of which M Steinson is a director. There were no amounts due at either year end.

During the previous year, MW Myerscough held a non-interest bearing current account with the company. The amount due at the year end to M W Myerscough was £nil (2008: £nil). The maximum amount outstanding to M W Myerscough in the previous year was £99,999.

Share options over 49,120 shares at an exercise price of £2.44 were granted in the year to A L Hughes. EMI share options over 21,978 shares at an exercise price of 91p per share were granted to S King during the year, and in the previous year options over 109,980 shares at an exercise price of 91p were granted to him. Also in the previous year options over 93,229 shares at an exercise price of 91p under an unapproved scheme were also granted to S King. All of these options lapsed during the year.

19 Financial risk management

The company's operations expose it to some financial risks: credit risk, market risk and liquidity risk. A risk management programme has been established to protect the company against the potential adverse effects of these financial risks. These are detailed in each subsection below. There has been no significant change in these financial risks since the prior year.

Financial instruments by category:

	As at 31 March 2009		As at 31 March 2008	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	£	£	£	£
Current assets				
Cash and cash equivalents	162,268	162,268	485,192	485,192
Loans and other receivables	37,773	37,773	60,267	60,267
	200,041	200,041	545,459	545,459
Financial liabilities				
Trade payables	160,227	160,227	135,924	135,924
Non current liabilities				
Borrowings	1,220,000	1,220,000	-	-

Notes to financial statements (continued)

The company's policy over its financial assets is that it puts its cash and cash equivalents into high interest bearing bank accounts. Accruals are recognised when they occur and are monitored to ensure conversion into trade payables. Trade payables are paid on the suppliers' credit terms.

19.1 Credit risk

The company deposits its surplus funds in approved high quality banks.

The company's maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements:

	2009	2008
	£	£
Cash and cash equivalents	**162,268**	485,192

19.2 Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The company is exposed to the following market risks: interest rate risk.

19.2.1 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the company's policy to settle trade payables within the credit terms allowed and the company therefore does not incur interest on overdue balances.

Interest rate exposure and sensitivity analysis:

As at 31 March 2009	**Carrying amount**	**Average interest rate**	**If interest rates were 1 % higher**		**If interest rates were 1 % lower**	
			Net profit	**Equity**	**Net profit**	**Equity**
	£	**%**	**£**	**£**	**£**	**£**
Financial assets						
Cash & cash equivalents	162,268	2.30	1,623	1,623	(1,623)	(1,623)

As at 31 March 2008	**Carrying amount**	**Average interest rate**	**If interest rates were 1% higher**		**If interest rates were 1% lower**	
			Net profit	**Equity**	**Net profit**	**Equity**
	£	**%**	**£**	**£**	**£**	**£**
Financial assets						
Cash & cash equivalents	485,192	5.54	4,852	3,396	(4,852)	(3,396)

Notes to financial statements (continued)

The average rate is calculated as the weighted average effective interest rate. The rate on cash at bank balances represents the average rate earned on cash balances after taking into account bank set-off arrangements.

The tables above show the effect on profit and equity after tax if interest rates at that date had been 1% higher or lower with all other variables held constant, taking into account all underlying exposures. Concurrent movements in interest rates and parallel shifts in the yield curves are assumed. A sensitivity of 1% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates. When applied to short-term interest rates this would represent two to three rate increases, which is reasonably possible in the current environment with the bias coming from the reserve bank and confirmed by market expectations that interest rates in the UK are more than likely to move down than up in the coming year. The company's sensitivity to interest rates has not changed significantly from the prior year.

19.3 Liquidity risk

The company maintains sufficient cash for continuing with the development of the prototype machine and establishing the business. Management review cashflow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Contractual maturity analysis for financial liabilities:

As at 31 March 2009	**Due or due in less than 1 month**	**Due between 1 to 3 months**	**Due between 3 months to 1 year**	**Due between 1 to 5 years**	**Due after 5 years**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Financial liabilities						
Trade and other payables	-	315,998	-	-	-	315,998
Borrowings	-	-	-	1,220,000	-	1,220,000

As at 31 March 2008	**Due or due in less than 1 month**	**Due between 1 to 3 months**	**Due between 3 months to 1 year**	**Due between 1 to 5 years**	**Due after 5 years**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Financial liabilities						
Trade and other payables	-	166,123	-	-	-	166,123

20 Capital management

The company's objectives when managing capital are:
- to safeguard the company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Notes to financial statements (continued)

The company so far has raised capital via equity funding. The company intends to continue to raise finance in this way for the foreseeable future.

21 Capital commitments

At 31 March 2009, the company had capital commitments of £nil (year ended 31 March 2008: £62,882). At 31 March 2009 the company had annual commitments under non-cancelled operating leases as set out below:

	2009	2008
	£	£
Operating leases which expire:		
Within 1 year	**21,900**	-
Within 2 - 5 years	**62,050**	-
	83,950	-

22 Ultimate controlling party

The ultimate controlling party is M W Myerscough by virtue of his shareholding.

23 Share based payments

During the year ended 31 March 2009 and on 28 February 2008 share options were granted to employees in both an EMI scheme and an unapproved scheme. The terms of each are the same. The options may be exercised from the third anniversary of the date of grant and must be exercised within 10 years of the date of grant. The employee must be an employee of the company when the options are exercised. The options shall be settled in equity.

	Options	**Weighted average exercise price**
	Number	**£**
Outstanding at 1 April 2008	203,189	0.91
Granted during the year	116,158	2.15
Lapsed during the year	(304,347)	1.31
Outstanding at 31 March 2009	15,000	2.44
Exercisable at 31 March 2009	-	-

In calculating the fair value of the share options the price paid by cash investors was taken into consideration. In view of the number of the share options that lapsed during the year, the directors are of the opinion that there is no material share options charge to be reflected in the financial statements.

In addition to the above on 17 April 2008 a share option scheme was put in place which granted Broadmont Capital Partners LLP an option over 162,550 shares at an exercise price of 91p per share.