

Quanta Fluid Solutions Limited

**Directors' report and financial
statements**

Registered number 06641134

For the year ended 31 December 2010

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Directors' report

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

Principal activities

The principal activities of the company are the development of a medical device for the haemodialysis market

Business review

The results are set out on page 6

The business has invested in technology to build and develop future income streams

Quanta is developing SelfCare+, an innovative home haemodialysis system based on a revolutionary machine and cartridge design that provides simplicity, reliability, portability and high treatment quality to patients with chronic renal disease. This targets the needs of an emerging and under-served home-care market that has been starved of innovation.

Research and development

Expenditure on research and development in the period was £3,164,744 (*15 month period ended 31 December 2009 £2,090,665*) and it was written off to the profit and loss account in the period in which it was incurred.

Proposed dividend

The directors do not recommend the payment of a dividend (*15 month period ended 31 December 2009 £Nil*)

Directors

The directors who held office during the year were as follows

MS Johnson
JL DE Ruiter
GE Fagg
RH Strohmenger
JE Milad

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (*2009 £Nil*)

Disclosure of information to auditors

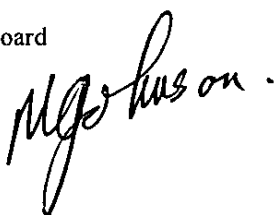
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be re-appointed and will therefore continue in office.

By order of the board

MS Johnson
Director



Tything Road
Alcester
Warwickshire
B49 6EU

5 July 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law 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 period.

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

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Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom*

Independent auditor's report to the members of Quanta Fluid Solutions Limited

We have audited the financial statements of Quanta Fluid Solutions Limited for the year ended 31 December 2010 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditor

As explained more fully in the directors' responsibilities statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 UK Generally Accepted Accounting Practice, 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.

Independent auditor's report to the members of Quanta Fluid Solutions Limited *(continued)*

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



G Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

5 July 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Other income		44,873	-
Administrative expenses		(3,164,744)	(2,090,665)
Goodwill impairment	8	-	(407,882)
Operating loss	2	(3,119,871)	(2,498,547)
Other interest receivable and similar income	5	22,966	3,023
Interest payable and similar charges	6	(1,776)	(8,174)
Amounts written off IMI drawdown account		-	529,465
Amounts written off directors' loan account		-	50,000
Loss on ordinary activities before taxation		(3,098,681)	(1,924,233)
Tax on loss on ordinary activities	7	-	286,000
Loss on ordinary activities after taxation		(3,098,681)	(1,638,233)

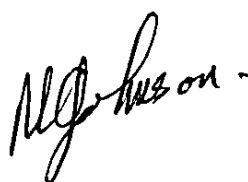
The company has recognised no gains or losses other than the loss for the financial period which has been wholly derived from continuing operations

Balance sheet
as at 31 December 2010

	<i>Note</i>	2010		2009	
		£	£	£	£
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	449,078		133,513	
		<u>449,078</u>		<u>133,513</u>	
Current assets					
Debtors	10	207,468		69,843	
Cash at bank and in hand		4,756,946		3,540,291	
		<u>4,964,414</u>		<u>3,610,134</u>	
Creditors Amounts falling due within one year	11	(500,406)		(231,880)	
Net current assets		<u>4,464,008</u>		<u>3,378,254</u>	
Total assets less current liabilities		<u>4,913,086</u>		<u>3,511,767</u>	
Capital and reserves					
Called up share capital	12	277,000		187,000	
Share premium account	13	9,373,000		4,963,000	
Profit and loss account	13	(4,736,914)		(1,638,233)	
Shareholders' funds		<u>4,913,086</u>		<u>3,511,767</u>	

These financial statements were approved by the board of directors on 5 July 2011 and were signed on its behalf by

MS Johnson
Director



Company number 06641134

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2010

	<i>Note</i>	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Retained loss for the financial period	13	(3,098,681)	(1,638,233)
New share capital subscribed (net of issue costs)		4,500,000	5,150,000
Net addition to shareholders' funds		1,401,319	3,511,767
Opening shareholders' funds		3,511,767	-
Closing shareholders' funds		4,913,086	3,511,767

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Research and development

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred

Intangible fixed assets and amortisation

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant, equipment and tools	-	3 years
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Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pension

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Government grants are credited to the profit and loss account in the same period as the costs to which they relate are incurred.

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation	115,325	35,952
Hire of other assets – operating leases	13,421	5,516
<i>Auditors' remuneration</i>		
Audit of these financial statements	10,000	10,000
Amounts receivable by the auditors in respect of Valuation of the employee share option plan	-	5,000
Tax services	3,500	-
Other services pursuant to legislation	2,500	-

3 Remuneration of directors

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Directors' emoluments	100,000	184,846
Company contributions to money purchase pension schemes	-	5,612

	Number of directors	
Retirement benefits are accruing to the following number of directors under Money purchase schemes	-	1

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	Year ended 31 December 2010	15 months ended 31 December 2009
Production	15	11
Administration	2	1
	17	12

Notes *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Wages and salaries	957,700	698,139
Social security costs	112,061	75,075
Other pension costs	39,311	35,255
	<u>1,109,072</u>	<u>808,469</u>

5 Other interest receivable and similar income

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Bank interest	<u>22,966</u>	<u>3,023</u>

6 Interest payable and similar charges

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
On all other loans	-	6,717
Net exchange losses	-	1,457
Other	1,776	-
	<u>1,776</u>	<u>8,174</u>

Notes (continued)

7 Taxation

Analysis of tax credit in the year

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
UK corporation tax		
Group relief	-	286,000

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (15 months ended 31 December 2009 lower) than the standard rate of corporation tax in the UK of 28% (15 months ended 31 December 2009 28%). The differences are explained below

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Current tax reconciliation	(3,098,681)	(1,924,233)
Current tax at 28% (15 months ended 31 December 2009 28%)	(867,631)	(538,785)
Effects of		
Losses not utilised	966,252	250,000
Group relief surrendered but not paid for	-	165,035
Other non-taxable/non-deductible items	328	(162,250)
Capital allowances in excess of depreciation	(98,949)	-
	-	(286,000)

Factors affecting the future and total tax charges

The company has unprovided deferred tax assets as follows

	Year ended 31 December 2010 £	15 months ended 31 December 2009 £
Differences between capital allowances and depreciation	(80,802)	18,000
Losses	1,105,062	250,000
	1,024,660	268,000

Notes (continued)

8 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At beginning of year	407,882
Additions	-
	<hr/>
At end of year	407,882
	<hr/>
<i>Amortisation and impairment</i>	
At beginning of year	(407,882)
Charge in year	-
Impairment losses	-
	<hr/>
At end of year	(407,882)
	<hr/>
<i>Net book value</i>	
At 31 December 2010	-
	<hr/>
At 31 December 2009	-
	<hr/>

During the previous year, due to the uncertainty surrounding the timing and amount of future cashflows likely to be generated by the Company, management took the decision to book an impairment loss of £407,882, being the entire value of goodwill in the business

9 Tangible fixed assets

	Plant, equipment and tools £
<i>Cost</i>	
At beginning of year	169,465
Additions	430,890
	<hr/>
At end of year	600,355
	<hr/>
<i>Depreciation</i>	
At beginning of year	(35,952)
Charge for year	(115,325)
	<hr/>
At end of year	(151,277)
	<hr/>
<i>Net book value</i>	
At 31 December 2010	449,078
	<hr/>
At 31 December 2009	133,513
	<hr/>

Notes (continued)

10 Debtors

	2010 £	2009 £
Prepayments	8,235	4,875
Other debtors	154,360	64,968
Accrued income	44,873	-
	<u>207,468</u>	<u>69,843</u>

11 Creditors: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	413,239	139,144
Taxation and social security	38,766	29,463
Other creditors	-	7,718
Accruals and deferred income	48,401	55,555
	<u>500,406</u>	<u>231,880</u>

12 Called up share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
87,000 "A" ordinary shares of £1 each	87,000	87,000
10,000 "B" ordinary shares of £1 each	10,000	10,000
180,000 "A" preferred shares of £1 each	180,000	90,000
	<u>277,000</u>	<u>187,000</u>

During the year the company issued 90,000 "A" preferred shares for a consideration of £4,500,000 settled in cash

During the prior period, the company issued 87,000 £1 "A" ordinary shares for a consideration of £500,000, 10,000 "B" ordinary shares for a consideration of £150,000 and 90,000 "A" preferred shares for a consideration of £4,500,000, settled in cash

13 Reserves

	Share premium account £	Profit and loss account £
At 31 December 2009	4,963,000	(1,638,233)
Loss for the year	-	(3,098,681)
Premium on share issues	4,410,000	-
At 31 December 2010	<u>9,373,000</u>	<u>(4,736,914)</u>

Notes (continued)

14 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £39,311 (2009 £35,255).

Contributions amounting to £Nil (2009 £7,718) were payable to the scheme and are included in creditors.

15 Capital Commitments

As at 31 December 2010, there were capital commitments of £Nil (2009 £38,675).

16 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2010	Other	2009
	£		£
Operating leases which expire			
Within one year	923		2,398
In the second to fifth years inclusive	-		3,659
	<hr/>		<hr/>
	-		6,057
	<hr/>		<hr/>