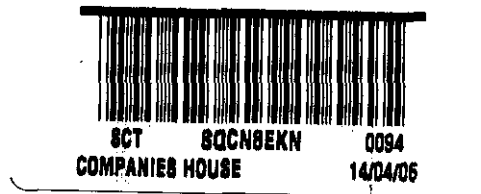


CXR BIOSCIENCES LIMITED
ABBREVIATED ACCOUNTS
31 DECEMBER 2005



DAND CARNEGIE & CO.
Chartered Accountants & Registered Auditors
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

CXR BIOSCIENCES LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2005

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CXR BIOSCIENCES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE
COMPANY PURSUANT TO SECTION 247B OF THE
COMPANIES ACT 1985



We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31 December 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

DAND CARNEGIE & CO.
Chartered Accountants
& Registered Auditors

Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

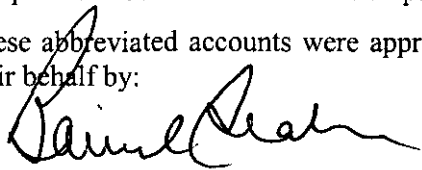
10 February 2006

CXR BIOSCIENCES LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 2005**

	Note	2005 £	2004 £
FIXED ASSETS	2		
Intangible assets		5,976	6,972
Tangible assets		315,927	477,403
		<u>321,903</u>	<u>484,375</u>
CURRENT ASSETS			
Stocks		(3,504)	(40,841)
Debtors		822,722	203,028
Cash at bank and in hand		-	342,779
		<u>819,218</u>	<u>504,966</u>
CREDITORS: Amounts falling due within one year	3	<u>760,187</u>	<u>892,683</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>59,031</u>	<u>(387,717)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>380,934</u>	<u>96,658</u>
CREDITORS: Amounts falling due after more than one year	4	258,070	357,224
GOVERNMENT GRANTS	5	115,105	195,000
		<u>7,759</u>	<u>(455,566)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	18,640	18,640
Share premium account		1,992,000	1,992,000
Profit and loss account		(2,002,881)	(2,466,206)
SHAREHOLDERS' FUNDS/(DEFICIENCY)		<u>7,759</u>	<u>(455,566)</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 10 February 2006 and are signed on their behalf by:



MR B E SEALEY CBE
Director

The notes on pages 3 to 5 form part of these abbreviated accounts.

CXR BIOSCIENCES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

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).

Basis of accounting and going concern

The company made a pre - tax profit for the year of £273,319 (2004 - (loss) of £1,111,751) and at the balance sheet date the company had a surplus on shareholders funds of £7,759 (2004 - deficit of £455,566).

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

Turnover

Turnover shown in the profit and loss account represents the value of short term research contracts completed during the year, plus income from longer term contractually committed research and development services, which is recognised evenly over the contract term.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Know how - 10% straight-line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 20% straight-line
Motor Vehicles	- 25% straight-line
Equipment/Fixtures & Fittings	- 25% straight-line

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity, stated net of amounts invoiced to account. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

CXR BIOSCIENCES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Total £
COST			
At 1 January 2005	9,960	847,188	857,148
Additions	—	17,252	17,252
At 31 December 2005	<u>9,960</u>	<u>864,440</u>	<u>874,400</u>
DEPRECIATION			
At 1 January 2005	2,988	369,785	372,773
Charge for year	996	178,728	179,724
At 31 December 2005	<u>3,984</u>	<u>548,513</u>	<u>552,497</u>
NET BOOK VALUE			
At 31 December 2005	<u>5,976</u>	<u>315,927</u>	<u>321,903</u>
At 31 December 2004	<u>6,972</u>	<u>477,403</u>	<u>484,375</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>97,966</u>	<u>13,565</u>

CXR BIOSCIENCES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>164,698</u>	<u>189,977</u>

Included within creditors falling due after more than one year is an amount of £63,587 (2004 - £89,907) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

5. GOVERNMENT GRANTS

	2005 £	2004 £
Received and receivable	275,000	275,000
Amortisation	<u>(159,895)</u>	<u>(80,000)</u>
	<u>115,105</u>	<u>195,000</u>

6. RELATED PARTY TRANSACTIONS

The company was under the control of the directors throughout the current year.

Barry Sealey CBE & John Waddell, directors of CXR Biosciences Limited, are also directors of Archangel Informal Investment Limited.

During the year the company purchased services totalling £5,000 (2004 - £5,000) from Archangel Informal Investment Limited.

At the year end the company was due Barry Sealey £1,868 (2004 - £1,868). This amount is included in creditors due under one year.

Dr Thomas Shepherd, a director of CXR Biosciences Limited, is a director of Roslin Institute (Edinburgh), an academic research institute with charitable status.

Transactions with Roslin Institute (Edinburgh) during the year were the purchases of goods and services amounting to £5,485 (2004 - £140,440). At the year end, the balance due to Roslin Institute (Edinburgh) was £Nil (2004 - £106,419).

7. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
11,000,000 Ordinary shares of £0.002 each	<u>22,000</u>	<u>22,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £0.002 each	<u>9,320,000</u>	<u>18,640</u>	<u>9,320,000</u>	<u>18,640</u>