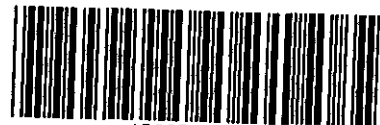


Company Registration No SC240992 (Scotland)

GRANNUS BIOSCIENCES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

THURSDAY



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GRANNUS BIOSCIENCES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	2				1,164
Current assets					
Debtors		3,702		2,412	
Cash at bank and in hand		32,985		75,264	
		36,687		77,676	
Creditors amounts falling due within one year		(307,798)		(326,774)	
Net current liabilities		(271,111)		(249,098)	
Total assets less current liabilities		(271,111)		(247,934)	
Capital and reserves					
Called up share capital	3	1,425		1,400	
Share premium account		149,875		99,900	
Profit and loss account		(422,411)		(349,234)	
Shareholders' funds		(271,111)		(247,934)	

In preparing these abbreviated accounts

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985,
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts 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 this Act relating to accounts, so far as applicable to the company

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

Approved by the Board for issue on 4 October 2007



Graham Paterson
Director

GRANNUS BIOSCIENCES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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 January 2005)

The Board of Directors are confident that the future funding requirements will be obtained in the next round of funding, which is actively sought at the date of approving the financial statements. Further convertible loan notes have been issued following the balance sheet date. The accounts have been therefore been prepared on a going concern basis on the assumption that this funding will be obtained.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 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	33 3% Straight line
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1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.5 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Fixed assets

	Tangible assets £
Cost	
At 1 January 2006 & at 31 December 2006	3,493
Depreciation	
At 1 January 2006	2,329
Charge for the year	1,164
At 31 December 2006	3,493
Net book value	
At 31 December 2006	
At 31 December 2005	1,164

GRANNUS BIOSCIENCES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

3	Share capital	2006 £	2005 £
	Authorised		
	2,000,000 Ordinary shares of 0 001p each	2,000	2,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	1,425,000 Ordinary shares of 0 001p each	1,425	1,400
		<u> </u>	<u> </u>

During the year 25,000 ordinary shares of 0 001p each were issued for an aggregate consideration of £2