

Optasia Medical Limited
Annual Report and Financial Statements
for the year ended 30 September 2009

Registered number 05800187

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Optasia Medical Limited
Annual Report and Financial Statements
for the year ended 30 September 2009

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Optasia Medical Limited

Directors' report for the year ended 30 September 2009

The directors present their report and the audited financial statements of the group for the year ended 30 September 2009

Principal activities

The group's principal activity during the year continued to be the development of software to aid medical image understanding. The primary goal of the group, which comprises Optasia Medical Limited and Optasia Medical Inc, is the development of products for subsequent sale into the clinical trials and healthcare markets.

The group submitted its 510(k) application for regulatory approval of one of its three products, the SpineAnalyzer, in September 2008, however approval has been delayed by requests for additional information by the US Food and Drug Administration. Work has continued on SpineAnalyzer throughout the year and the product was released in December 2009. Given the delay in obtaining regulatory approval for US sales of SpineAnalyzer, the group will concentrate its initial sales efforts in Europe, where SpineAnalyzer has a CE mark certification. Work has continued on the HandAnalyzer, with the aid of a Government Grant which reimburses 35% of the development costs.

Business review

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to market penetration, market acceptance of the group's products and employee retention.

As a result of the size of the group, the directors of Optasia Medical Limited are able to closely manage the group's operations. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Optasia Medical Limited.

Financial risk management

The group's operations expose it to a variety of financial risks, the primary risk being that of cashflow, as a result of the infancy of the group. The group has in place a cashflow management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of cash on a monthly basis. During the year the group has drawn down £250,000 under the Small Firms Loan Guarantee Scheme and a convertible loan of £500,000 from Saffron Hill Ventures, one of its current investors. Post year end, there has been further funding agreed amounting to £500,000 from the current investors, refer to the subsequent events disclosure on page 2.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the board of directors are implemented by the group's finance department.

Exchange rate risk

The group is exposed to exchange rate risk as a result of its operation overseas. However, given the current size of the group's operations, the costs of managing exposure to exchange rate risk exceed any potential benefits. The directors will revisit the appropriateness of this policy at such time as the group's operations change in size or nature.

Results and dividends

The group loss on ordinary activities after taxation for the period amounted to £817,830 (2008 loss of £992,269). The directors do not propose the payment of a dividend (2008 £nil).

Directors

The directors who held office during the year were as follows:

R Bhatia

A D Brett

J S Chaintreuil

L Nisbet (resigned 30 October 2009)

P Steiger

Optasia Medical Limited

Directors' report for the year ended 30 September 2009 (continued)

Subsequent Events

In April 2010 the group agreed a convertible loan of £500,000 from its current investors (Proven Health VCT, Foresight 3 VCT Plc and Saffron Hill Ventures) The first tranche of £250,000 was drawn down immediately, with the second tranche due to be drawn between June 2010 and September 2010, subject to the achievement of certain milestones The Directors are confident that the milestones will be achieved

Research and development

The group has conducted research and development of medical image understanding software with a view to further commercial exploitation of such software

Policy and practice on payment of creditors

It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms

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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors and disclosure of information to auditors

For all directors at the time the report is approved, the following applies

- So far as each director is 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Optasia Medical Limited

Directors' report for the year ended 30 September 2009 (continued)

Small Company Provisions

This report had been prepared in accordance with the small companies regime of the Companies Act 2006

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the group's Board Meeting on 6 July 2010

By order of the Board



R J Chadwick
Secretary

28 April 2010

Optasia Medical Limited

Independent auditors' report to the members of Optasia Medical Limited

We have audited the financial statements of Optasia Medical Limited for the year ended 30 September 2009 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheet, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2, 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 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and company's affairs as at 30 September 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

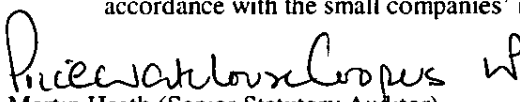
Optasia Medical Limited

Independent auditors' report to the members of Optasia Medical 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, or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies' regime


Martin Heath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
28 April 2010

Optasia Medical Limited

Group profit and loss account for the year ended 30 September 2009

	Note	2009 £	2008 £
Turnover	3	456,241	130,655
Cost of sales		(24,815)	(32,673)
Gross profit		431,426	97,982
Administrative expenses		(1,145,390)	(1,022,185)
Selling and distribution expenses		(268,467)	(220,300)
Other operating income		72,816	36,463
Operating loss	4	(909,615)	(1,108,040)
Bank interest receivable and similar income		3,172	46,613
Bank interest payable		(11,649)	-
Loss on ordinary activities before taxation		(918,092)	(1,061,427)
Tax credit on loss on ordinary activities	7	100,262	69,158
Loss for the financial year	16	(817,830)	(992,269)

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

All results are from continuing operations

The notes on pages 10 to 21 form part of these financial statements

Optasia Medical Limited

Group statement of total recognised gains and losses for the year ended 30 September 2009

	Note	2009 £	2008 £
Loss for the financial year		(817,830)	(992,269)
Net translation difference on foreign currency investments	16	(43,777)	(55,599)
Total recognised losses relating to the year		(861,607)	(1,047,868)

The notes on pages 10 to 21 form part of these financial statements

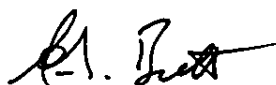
Optasia Medical Limited

Group balance sheet as at 30 September 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	333,421	347,133
Tangible assets	9	28,742	68,454
		362,163	415,587
Current assets			
Debtors	11	250,287	195,442
Cash at bank and in hand		365,842	528,158
		616,129	723,600
Creditors amounts falling due within one year	12	(122,149)	(153,040)
Net current assets		493,980	570,560
Creditors amount falling due in more than one year	13	(3,046,609)	(2,315,006)
Net liabilities		(2,190,466)	(1,328,859)
Capital and reserves			
Called up share capital	14	212,943	212,943
Share premium account	16	294,961	294,961
Profit and loss reserve	16	(2,698,370)	(1,836,763)
Total shareholders' deficit	17	(2,190,466)	(1,328,859)

These financial statements have been prepared in accordance with the small companies regime of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 6 to 21 were approved by the board of directors on 2 April 2010 and were signed on its behalf by



A D Brett
Director

The notes on pages 10 to 21 form part of these financial statements

Optasia Medical Limited

Company balance sheet as at 30 September 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	298,124	320,000
Tangible assets	9	26,569	66,794
Investments	10	384	384
		325,077	387,178
Current assets			
Debtors	11	1,356,339	745,695
Cash at bank and in hand		347,397	517,074
		1,703,736	1,262,769
Creditors amounts falling due within one year	12	(108,738)	(131,096)
Net current assets		1,594,998	1,131,673
Creditors: amounts falling due in more than one year	13	(3,046,609)	(2,315,006)
Net liabilities		(1,126,534)	(796,155)
Capital and reserves			
Called up share capital	14	212,943	212,943
Share premium account	16	294,961	294,961
Profit and loss reserve	16	(1,634,438)	(1,304,059)
Total shareholders' deficit	17	(1,126,534)	(796,155)

These financial statements have been prepared in accordance with the small companies regime of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 6 to 21 were approved by the board of directors on 28 April 2010 and were signed on its behalf by



A D Brett
Director

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009

1 Accounting policies

Basis of preparation – going concern

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006, applicable accounting standards and the Financial Reporting Standard for Smaller Entities ('FRSSE') (effective April 2008). The principal accounting policies are set out below.

In April 2010 the group agreed a convertible loan of £500,000 from its current investors (Proven Health VCT, Foresight 3 VCT Plc and Saffron Hill Ventures). The first tranche of £250,000 was drawn down immediately, with the second tranche due to be drawn between June 2010 and September 2010, subject to the achievement of certain milestones. The Directors are confident that the milestones will be achieved and hence are satisfied that the accounts be prepared on a going concern basis.

Basis of consolidation

The group accounts consolidate the accounts of Optasia Medical Limited and its subsidiary undertaking, Optasia Medical Inc. No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

Turnover

Turnover which is stated net of value added tax, represents amounts relating to licence income earned and work done during the period, which have been or will be invoiced to third parties, in accordance with agreed contracts. Turnover is attributable to one continuing activity, the commercial exploitation of image understanding software.

Research and development

The costs of research and development expenditure are expensed to the profit and loss account when incurred.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. The balance sheets of foreign subsidiaries are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account. The results and financial position of foreign subsidiaries are translated at an average rate for the year and year end closing rate respectively – any resulting differences are taken to reserves.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Government grants

Grant income in relation to expenses incurred by the group is recognised in the profit and loss account as other operating income in the period in which the grant is earned, to the extent that the receipt of the grant is reasonably certain and there are no factors or circumstances which suggest that the grant will need to be repaid.

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

1 Accounting policies (continued)

Fixed assets

Purchased intangible fixed assets are capitalised at cost and amortised over a period of ten years, being their expected useful economic life

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful economic lives using the straight line basis

Straight line annual rates of depreciation used are

Leasehold improvements	33%
Furniture, fittings and equipment	33%

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Pensions

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in independently administered funds. The company's contributions are charged to the profit and loss account in the year to which they relate

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Investments

Investments in group undertakings are stated at cost, less provision for any impairment

Share Capital

The proceeds of equity share issues are recognised in equity, with the nominal value being taken to share capital and any further consideration being recognised in share premium

Where shares are issued which have fixed rights to dividends (non equity shares), the consideration received is recognised as a liability and any dividends paid or payable are shown as interest in the period in which they accrue

Share based payments

The group operates an equity-settled, share based compensation plan. In accordance with the FRSSSE, no charge is recognised in the profit and loss account in relation to this plan on the basis that the exercise consideration to be received is at least equal to the estimated fair value of the options at the date of grant. When share options are exercised, the proceeds of share issues are recognised in equity, with the nominal value being taken to share capital and any further consideration being recognised in share premium

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

2 Cash flow statement and related party disclosure

The company is a small company and has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements". The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Optasia Medical Limited group.

3 Analysis of turnover

	2009 £	2008 £
United Kingdom	21,747	15,076
Overseas	434,494	115,579
Total	456,241	130,655

4 Operating loss

	2009 £	2008 £
Operating loss is stated after charging/(crediting)		
Wages and salaries	749,627	716,827
Social security costs	56,566	51,002
Other pension costs (note 18)	<u>20,477</u>	<u>19,682</u>
Staff costs	826,670	787,511
Amortisation of intangible fixed assets	44,524	41,501
Depreciation of tangible fixed assets		
- owned assets	29,862	26,264
- leased assets	12,396	11,940
Operating lease charges		
- land and buildings	58,375	58,375
Research and development	410,492	288,157
Exchange difference on retranslation of foreign currency assets	(44,021)	(61,960)
Auditors' remuneration:		
Audit services	9,000	8,400
Non-audit services		
- tax compliance	5,750	5,600
- other	-	800

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

5 Directors' emoluments

	2009 £	2008 £
Aggregate emoluments	249,975	209,899

Retirement benefits are accruing to one director under a defined benefit scheme

6 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

	2009	2008
By activity		
Research and development	10	9
Selling and distribution	1	1
Administration	2	3
	13	13

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

7 Tax credit on the loss for the year

	2009 £	2008 £
Current tax:		
UK corporation tax on losses for the period	(100,262)	(69,158)
Total current tax	(100,262)	(69,158)
Deferred tax:		
Total deferred tax	-	-
Tax credit on loss on ordinary activities	(100,262)	(69,158)

	2009 £	2008 £
Loss on ordinary activities before tax	(918,092)	(1,061,427)
Loss on ordinary activities at UK small companies' tax rate 21% (2008 20.5%)	(192,799)	(217,611)
Effects of		
Expenses not deductible for tax purposes	2,972	11,172
Deferred tax not recognised	99,846	152,867
R&D tax credits	(10,281)	(15,586)
Current tax credit for the period	(100,262)	(69,158)

Factors that may affect future tax charges:

At the year-end, there is an unrecognised deferred tax asset of £365,829 (2008 £265,983) relating to trading losses of £1,298,789 (2008 £964,075) and accelerated capital allowances of £7,743 (2008 (£14,136))

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

8 Intangible assets

Group

	Total £
Cost or valuation	
At 1 October 2008	428,634
Additions	27,563
Exchange difference	3,278
At 30 September 2009	459,475
Accumulated amortisation	
At 1 October 2008	81,501
Charge for the year	44,524
Exchange difference	29
At 30 September 2009	126,054
Net book value at 30 September 2009	333,421
Net book value at 30 September 2008	347,133

Company

	Total £
Cost or valuation	
At 1 October 2008	400,000
Additions	18,589
At 30 September 2009	418,589
Accumulated amortisation	
At 1 October 2008	80,000
Charge for the year	40,465
At 30 September 2009	120,465
Net book value at 30 September 2009	298,124
Net book value at 30 September 2008	320,000

Intangible fixed assets in the group and parent company balance sheets relate to intellectual property rights and costs associated with patent applications

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

9 Tangible assets

<i>Group</i>	Leasehold improvements £	Furniture and fittings £	Total £
Cost			
At 1 October 2008	37,189	87,994	125,183
Additions	-	2,311	2,311
Exchange difference	-	301	301
At 30 September 2009	37,189	90,606	127,795
Accumulated depreciation			
At 1 October 2008	20,863	35,866	56,729
Charge for the year	12,396	29,862	42,258
Exchange difference	-	66	66
At 30 September 2009	33,259	65,794	99,053
Net Book Value			
At 30 September 2009	3,930	24,812	28,742
At 30 September 2008	16,326	52,128	68,454

<i>Company</i>	Leasehold improvements £	Furniture and fittings £	Total £
Cost			
At 1 October 2008	37,189	85,361	122,550
Additions	-	750	750
At 30 September 2009	37,189	86,111	123,300
Accumulated depreciation			
At 1 October 2008	20,863	34,893	55,756
Charge for the year	12,396	28,579	40,975
At 30 September 2009	33,259	63,472	96,731
Net Book Value			
At 30 September 2009	3,930	22,639	26,569
At 30 September 2008	16,326	50,468	66,794

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

10 Investments

	2009 Company £
At 1 October 2008 and 30 September 2009	384

The company owns 100% of the ordinary share capital of Optasia Medical Inc , a company incorporated in Delaware, USA

11 Debtors

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Trade debtors	60,349	60,349	11,354	11,354
Amounts owed by group undertakings	-	1,108,336	-	557,179
Other debtors	32,777	32,777	28,055	28,055
Corporation tax debtor	100,262	100,262	69,158	69,158
Prepayments and accrued income	56,899	54,615	86,875	79,949
	250,287	1,356,339	195,442	745,695

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

12 Creditors: amounts falling due within one year

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Trade creditors	23,074	19,127	52,082	44,668
Taxation and social security	14,131	14,131	16,148	16,148
Other creditors	2,923	2,923	3,781	3,781
Accruals and deferred income	54,804	45,340	81,029	66,499
Bank loan	20,609	20,609	-	-
Shareholder loan	6,608	6,608	-	-
	122,149	108,738	153,040	131,096

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

13 Creditors: amounts falling due in more than one year

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
A ordinary share capital (note 14)	245,918	245,918	245,918	245,918
A ordinary share premium	2,069,088	2,069,088	2,069,088	2,069,088
Bank loan	231,482	231,482	-	-
Shareholder loan	500,121	500,121	-	-
	3,046,609	3,046,609	2,315,006	2,315,006

14 Called up share capital

Group and company

	2009 and 2008 £
Authorised	
2,459,176 A ordinary shares of £0 10 each	245,918
3,276,584 ordinary shares of £0 10 each	327,658
Total authorised	573,576

	2009 and 2008 £
Allotted and fully paid	
Non equity shares (disclosed in creditors – amounts falling due in more than one year)	
2,459,176 A ordinary shares of £0 10 each	245,918
Equity shares (disclosed in capital and reserves)	
2,129,432 ordinary shares of £0 10 each	212,943
Total allotted and fully paid	458,861

Each issued A ordinary share attracts a fixed dividend of 6% of the original subscription price per annum, accruing from 31 December 2009. Once the fixed dividend is paid, A ordinary and ordinary shares rank *pari passu* in respect of any remaining distributable profits. Each issued share carries one vote. In the event of a winding up, the A ordinary shares rank first for repayment of an amount equal to the subscription price, plus any accrued dividend.

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

15 Share based payments

The 2007 Employees' Share Option Plan was introduced in June 2007. Ten employees and one non-executive director hold options to subscribe for ordinary shares in the company at a price of ten pence or fifty pence per share, which is at least equal to the estimated market value of the shares at date of grant. Performance conditions relating to revenue targets and regulatory approvals exist in respect of options granted to one of the directors, these conditions apply to the period from September 2006 to September 2009. The number of shares subject to options and the periods in which they may be exercised are given below.

Year of grant	Exercise price (£)	Exercise period	2009 numbers
2007	0.10	2006-2016	229,430
2007	0.10	2008-2018	286,788
2007	0.10	2009-2019	286,788
2007	0.10	2010-2020	160,601
2007	0.50	2010-2020	28,000
2007	0.50	2010-2020	15,000
2008	0.50	2011-2021	6,000
			1,012,607

16 Reserves

<i>Group</i>	Share premium account £	Profit and loss reserve £
1 October 2008	294,961	(1,836,763)
Loss for the financial year (note 17)	-	(817,830)
Net exchange adjustment	-	(43,777)
30 September 2009	294,961	(2,698,370)

<i>Company</i>	Share premium account £	Profit and loss reserve £
1 October 2008	294,961	(1,304,059)
Loss for the financial year (note 17)	-	(330,379)
30 September 2009	294,961	(1,634,438)

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

17 Reconciliation of movements in shareholders' deficit

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Opening shareholders' deficit	(1,328,859)	(796,155)	(280,991)	(149,315)
Loss for the year	(817,830)	(330,379)	(992,269)	(646,840)
Net exchange adjustment	(43,777)	-	(55,599)	-
Closing shareholders' deficit	(2,190,466)	(1,126,534)	(1,328,859)	(796,155)

18 Pension commitments

The group operates a defined contribution pension scheme, the Optasia Medical Ltd Group Personal Pension Plan, for certain directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions of £2,923 (2008: £3,781) were accrued at the year end and paid over on 12 October 2009.

19 Financial commitments

At 30 September 2009 the company had annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Within one year	-	-	-	-
Within two to five years	58,375	58,375	58,375	58,375
After five years	-	-	-	-
	58,375	58,375	58,375	58,375

Optasia Medical Limited

Notes to the financial statements for the year ended 30 September 2009 (continued)

20 Other related party transactions

During the period the group invoiced Image Metrics Limited, who own in excess of 20% of the share capital of the company, £21,747 (2008 £15,076) in respect of work performed. The outstanding balance receivable at 30 September 2009 was £5,292 (2008 £4,406). There were no other related party transactions during the year requiring separate disclosure.

21 Post balance sheet event

In April 2010 the group agreed a convertible loan of £500,000 from its current investors (Proven Health VCT, Foresight 3 VCT Plc and Saffron Hill Ventures). The first tranche of £250,000 was drawn down immediately, with the second tranche due to be drawn between June 2010 and September 2010, subject to the achievement of certain milestones. The Directors are confident that the milestones will be achieved.