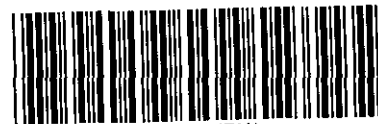


BIOHYBRIDS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR YEAR ENDED 28 FEBRUARY 2006

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Company No. 3315565

BIOHYBRIDS LIMITED

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BIOHYBRIDS LIMITED

COMPANY INFORMATION

Directors

Professor P.D.S. Caligari
Mr. K. Lobley

Secretary

Mr. K. Lobley

Company Number

3315565

Registered Office

11 Penrose Avenue
Woodley
Berkshire
RG5 3PA

BIOHYBRIDS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28th FEBRUARY 2006

The Directors present their report together with the accounts for the year ended 28th February 2006.

Principal Activities

The Company's principal activities are that of providing consultants and consulting services, developing, producing, growing, manufacturing, servicing and marketing of plants, plant products, plant processes, and materials.

Results

The results for the year are set out in the Profit and Loss Account on page 4.

Directors

The Directors who served during the year and their beneficial interests in the Company's issued share capital were :

	Ordinary shares of £1 each 28th February 2006
Professor P.D.S. Caligari	40
Mr. K. Lobleby	60

Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the Company's affairs and of the profit or loss for that year. In preparing these accounts the Directors are required to :

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 which disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the accounts 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.

BIOHYBRIDS LIMITED

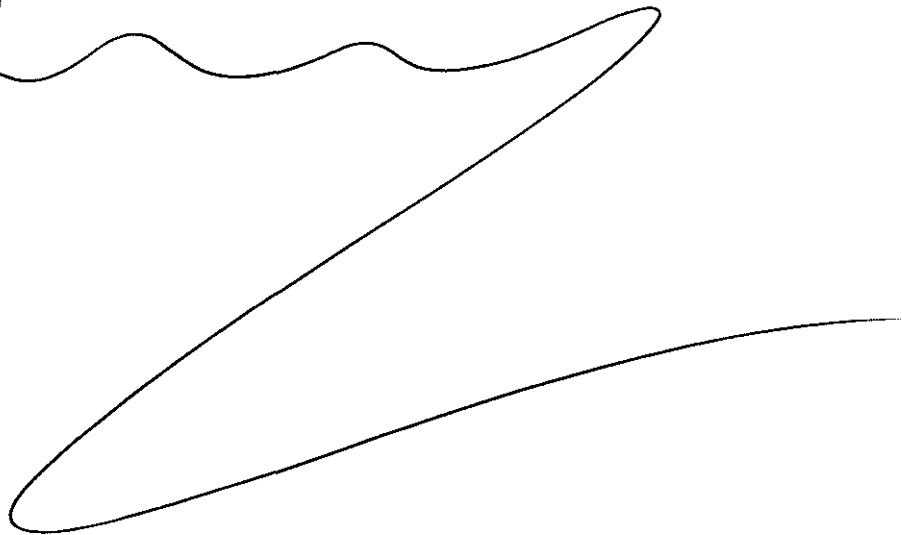
DIRECTORS' REPORT

FOR THE YEAR ENDED 28th FEBRUARY 2006

This report was approved by the Board on 9th Sept 2006, taking advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985 and signed on it's behalf.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Mr. K. Lobley,
Secretary.
13th September 2006

A large, stylized handwritten flourish or signature in black ink, featuring a large loop and a long horizontal stroke.

BIOHYBRIDS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 28TH FEB 2006**

		£	£
	Notes	2006	2005
Turnover	6	12,550	9,000
Cost of Sales		11,854	7,094
Gross Profit		<u>696</u>	<u>1,906</u>
Administrative Expenses		1,922	833
Operating Profit		<u>-1,226</u>	<u>1,074</u>
Bank Interest		0	0
Net Profit		<u>-1,226</u>	<u>1,074</u>
Tax on Ordinary Activities		0	0
Profit for the Financial Year after Tax		<u>-1,226</u>	<u>1,074</u>
Retained Profit Brought Forward		18,909	17,835
Retained Profit Carried Forward		<u><u>17,683</u></u>	<u><u>18,909</u></u>

All amounts relate to continuing activities

There were no recognised gains and losses for 2006 nor 2005 other than those included in the Profit and Loss Account

The notes on pages 6 to 7 form part of these accounts

BIOHYBRIDS LIMITED**BALANCE SHEET
AS AT 28TH FEB 2006**

		£	£
	Notes	2006	2005
Fixed Assets			
Tangible Assets		98	131
Investments		-	-
		<u>98</u>	<u>131</u>
Current Assets			
Debtors	2	28	5,043
US Dollars		0	0
Cash at bank and in hand		19,780	15,366
		<u>19,808</u>	<u>20,408</u>
Creditors			
Amounts Falling Due within One Year	3	2,213	1,620
Net Current Assets		17,595	18,788
Total Assets Less Current Liabilities		<u>17,693</u>	<u>18,919</u>
Capital and Reserves			
Share Capital - Equity	4	10	10
Profit and Loss Account		<u>17,683</u>	<u>18,909</u>
Shareholders' Funds	5	<u>17,693</u>	<u>18,919</u>

The Directors are of the opinion that the Company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the year ended 28th Feb 2006

The Directors confirm that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

The Directors confirm they are responsible for :

ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and preparing accounts which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

The Directors have taken advantage, in the preparation of these accounts, of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985 on the grounds that, in the opinion of the Directors, the Company qualifies as a Small Company and is entitled to make use of the special exemptions.

These accounts were approved by the Board on 9th September 2006 and signed on its behalf.

The notes on pages 6 to 8 form part of these accounts.

K. Lobley
Company Secretary

BIOHYBRIDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28th FEBRUARY 2006

1. Accounting Policies

Basis of Accounting

The Accounts have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

The Company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a Small Company.

Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by reducing balance method over their expected useful lives. The rates generally applicable are :

Fixture and fittings	First Year Allowance	Computers	100%
	Writing Down Allowance		25%

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the Profit and Loss Account.