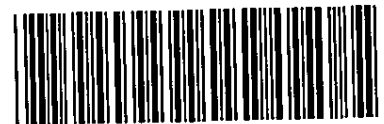


BIOHYBRIDS INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR YEAR ENDED 31 JULY 2007

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BIOHYBRIDS INTERNATIONAL LIMITED

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BIOHYBRIDS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

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

Secretary

Mr. K. Lobley

Company Number

3226346

Registered Office

11 Penrose Avenue
Woodley
Berkshire
RG5 3PA

BIOHYBRIDS INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31st JULY 2007

The Directors present their report together with the accounts for the year ended 31st July 2007.

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 31st July 2007

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

60
40

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;

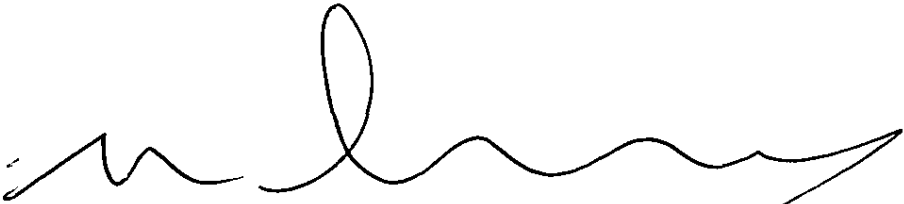
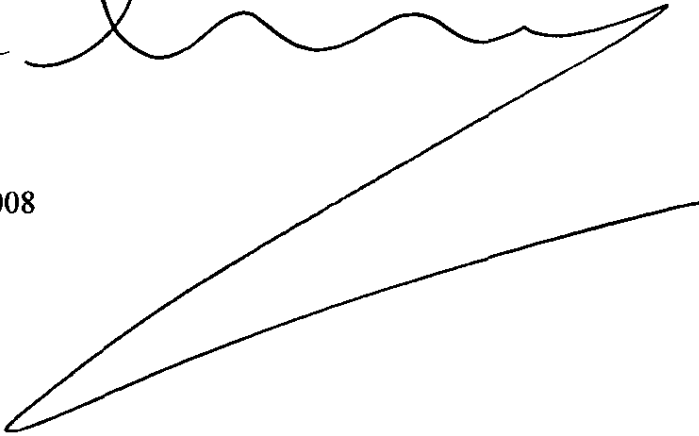
Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 INTERNATIONAL LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31st JULY 2007

This report was approved by the Board on 6th February 2008, taking advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985 and signed on it's behalf.

Mr K Loble,
Secretary.
6th February 2008

BIOHYBRIDS INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST JULY 2007**

	£	£
Notes	2007	2006
Turnover	286,694	129,839
Cost of Sales	273,992	129,345
Gross Profit	<u>12,702</u>	<u>494</u>
Administrative Expenses	4,866	4,134
Operating Profit	<u>7,836</u>	<u>-3,640</u>
Bank Interest	1,017	1,523
Net Profit	<u>8,854</u>	<u>-2,117</u>
Tax on Ordinary Activities	0	0
Profit for the Financial Year after Tax	<u>8,854</u>	<u>-2,117</u>
Retained Profit Brought Forward	8,889	11,006
Retained Profit Carried Forward	<u><u>17,742</u></u>	<u><u>8,889</u></u>

All amounts relate to continuing activities

There were no recognised gains and losses for 2007 nor 2006 other than those included in the Profit and Loss Account

BIOHYBRIDS INTERNATIONAL LIMITED**BALANCE SHEET
AS AT 31ST JULY 2007**

	£	£
Notes	2007	2006
Fixed Assets		
Tangible Assets	121	161
Investments	-	-
	<u>121</u>	<u>161</u>
Current Assets		
Debtors	11,466	10,820
US Dollars	0	
Cash at bank and in hand	108,795	70,174
	120,261	<u>80,994</u>
Creditors		
Amounts Falling Due within One Year	0	12,054
Advance Payments	<u>102,540</u>	<u>60,113</u>
Net Current Assets	<u>17,721</u>	<u>8,828</u>
Total Assets Less Current Liabilities	<u><u>17,842</u></u>	<u><u>8,989</u></u>
Capital and Reserves		
Share Capital - Equity	100	100
Profit and Loss Account	<u>17,742</u>	<u>8,889</u>
Shareholders' Funds	<u><u>17,842</u></u>	<u><u>8,989</u></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 31st July 2007

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 6th February 2008 and signed on its behalf

K. Lobley
Company Secretary

BIOHYBRIDS INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st JULY 2007

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	50%
	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.