

Registered number: 06410118

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

COMPANY INFORMATION

DIRECTORS

John Alberico
Sonny Vu
David Conn (appointed 1 January 2010)

COMPANY NUMBER

06410118

REGISTERED OFFICE

Harwell Innovation Centre
173 Curie Avenue, Harwell Science and Innovation Campus
Oxford
Oxfordshire
OX11 0QG

AUDITORS

Littlejohn LLP
Statutory Auditors
1 Westferry Circus
Canary Wharf
London
E14 4HD

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

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AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their report and the financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of the sale and distribution of blood glucose monitoring equipment and consumables

CHANGE OF COMPANY NAME

The Company changed its name from Wavesense Europe Limited to AgaMatrix Europe Limited on 13 October 2010

DIRECTORS

The Directors who served during the year were

John Alberico
Sonny Vu
David Conn (appointed 1 January 2010)

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

AUDITORS

Littlejohn LLP has signified its willingness to continue in office as auditor

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 23 May 2011 and signed on its behalf



David Conn
Director

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors are responsible for preparing the Directors' 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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

We have audited the financial statements of AgaMatrix Europe Limited (formerly Wavesense Europe Limited) for the year ended 31 December 2010, set out on pages 5 to 11. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' responsibilities, 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 and express an opinion on 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.

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 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 Company's affairs as at 31 December 2010 and of its 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.

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report



Nicholas Light (Senior statutory auditor)

for and on behalf of

Littlejohn LLP

Statutory Auditors

1 Westferry Circus

Canary Wharf

London

E14 4HD

Date

6 June 2011

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1,2	1,029,605	2,199,680
Cost of sales		(690,666)	(1,736,945)
GROSS PROFIT		338,939	462,735
Administrative expenses		(645,466)	(883,142)
OPERATING LOSS	3	(306,527)	(420,407)
Interest receivable and similar income		46	635
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(306,481)	(419,772)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR	9	(306,481)	(419,772)

The notes on pages 7 to 11 form part of these financial statements

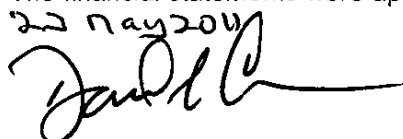
AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)
REGISTERED NUMBER: 06410118

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	5	1,259	3,462
CURRENT ASSETS			
Stocks		31,180	41,562
Debtors	6	99,357	633,982
Cash at bank		210,438	711,961
		<u>340,975</u>	<u>1,387,505</u>
CREDITORS: amounts falling due within one year	7	<u>(1,898,594)</u>	<u>(2,640,846)</u>
NET CURRENT LIABILITIES		<u>(1,557,619)</u>	<u>(1,253,341)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,556,360)</u>	<u>(1,249,879)</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	<u>(1,556,361)</u>	<u>(1,249,880)</u>
SHAREHOLDERS' DEFICIT		<u>(1,556,360)</u>	<u>(1,249,879)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

22 May 2011


David Conn
Director

The notes on pages 7 to 11 form part of these financial statements

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Going concern

The financial statements have been prepared on the basis that the Company is a going concern, which is based on the support from the Company's Parent who have confirmed that they will continue to provide financial support to the company to meet its obligations as they fall due

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Computer equipment	- 33% straight line
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1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.9 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year

2. TURNOVER

70.7% of the Company's turnover (2009 - 84.8%) is attributable to geographical markets outside the United Kingdom

3. OPERATING LOSS

The operating loss is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets - owned by the company	2,203	2,203
Auditors' remuneration	8,000	12,000
Pension costs	10,676	60,733
	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

	2010 £	2009 £
Aggregate emoluments	-	202,568
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to no Directors (2009 - 1) in respect of defined contribution pension schemes

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

5. TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 January 2010 and 31 December 2010	6,608
Depreciation	
At 1 January 2010	3,146
Charge for the year	2,203
At 31 December 2010	5,349
Net book value	
At 31 December 2010	1,259
At 31 December 2009	3,462

6. DEBTORS

	2010 £	2009 £
Trade debtors	99,357	633,982

**7. CREDITORS:
Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	79,453	251,080
Amounts owed to group undertakings	1,783,750	2,338,286
Social security and other taxes	22,409	24,315
Other creditors	12,982	27,165
	1,898,594	2,640,846

8. SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

9. RESERVES

	Profit and loss account £
At 1 January 2010	(1,249,880)
Loss for the year	(306,481)
At 31 December 2010	<u>(1,556,361)</u>

10 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £10,676 (2009 - £60,733). Included within other creditors, an amount of £1,141 (2009 - £8,953) was outstanding at the year end.

11. OPERATING LEASE COMMITMENTS

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases as follows:

	2010 £	2009 £
Expiry date:		
Within 1 year	<u>1,698</u>	<u>2,521</u>

12. SHARE OPTIONS

As at the period ending 31 December 2010, 115,000 options had been granted to employees to subscribe in the shares of Agamatrix Inc. 115,000 of these were still outstanding at 31 December 2010 (2009 - 115,000). These options have an exercise price of \$4.00 (2009 - \$4.00) and are subject to certain conditions. Of the outstanding options 30,625 (2009 - 73,750) had not vested at the period end and were therefore not exercisable at that date.

15,000 options have an expiry date of 15 July 2018 and 100,000 options have an expiry date of 29 June 2017.

On the 31 December 2009 Claudio Carboni resigned as Director and became a consultant to the company. He has maintained the rights of all of the options granted to him.

During the period no options were exercised and none (2009 - none) were cancelled.

13. RELATED PARTY TRANSACTIONS

In accordance with the exemption permitted by the Financial Reporting Standard for Smaller Entities (effective April 2008), no details are shown of the related party transactions with the Company's parent and fellow subsidiaries in which the parent company holds 100% of the voting rights.

AGAMATRIX EUROPE LIMITED (FORMERLY WAVESENSE EUROPE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling party is Agamatrix Inc a company incorporated in the United States of America. Group accounts are prepared and are available on request from Agamatrix Inc, 7C Raymond Avenue, Salem, NH 03079, U S A.