OXFORD NUTRASCIENCE LIMITED

FINANCIAL INFORMATION

FOR THE YEAR ENDED

31 DECEMBER 2009

Company number: 06498279

OXFORD NUTRASCIENCE LIMITED
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OXFORD NUTRASCIENCE LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

Nigel Theobald
Marcelo Bravo
Michael Bretherton

COMPANY SECRETARY
Nikki Cooper

COMPANY NUMBER

06498279

REGISTERED OFFICE

Martin House
26-30 Old Church Street
London
SW3 5BY

AUDITORS

RSM Tenon Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

The Directors submit their report and the financial statements of Oxford Nutrascience Limited for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company was that of the development and commercialisation of unique delivery systems for vitamins and medicines. The Company was incorporated and domiciled in the UK.

BUSINESS REVIEW

The Company has continued to make good progress in the development of unique delivery systems and expects to launch the first products within 2010.

POST BALANCE SHEET EVENT

On 27 January 2010 a new Plc holding company, Oxford Nutrascience Group plc, acquired 100 per cent. of the issued share capital of the Company by issue of 401,164,650 new ordinary shares at 1.6 pence per share, which valued the Company at £6,418,666. This transaction was completed as part of a re-organisation to admit the Group to trading on AIM and to raise gross proceeds of £1,100,000 under a placing of new shares at 1.75 pence per share. The placing and admission to AIM was completed on 12 February 2010.

RESULTS AND DIVIDENDS

The trading loss incurred for the year was £229,162 (period to 31 December 2008: £106,518).

The Directors do not recommend the payment of a dividend (period to 31 December 2008: nil).

SHARE CAPITAL AND FUNDING

Full details of the Company's share capital movements are given in note 14 of the financial statements.

The Company has an authorised share capital of £500,000 divided into 50,000,000 ordinary shares of 1p each of which 16,046,666 had been issued at the balance sheet date.

DIRECTORS

The following Directors held office during the year:

Nigel Theobald
Marcelo Bravo
Michael Bretherton (appointed 30 November 2009)

Directors' interests
Directors' interests in the shares of the company, including family interests at 31 December 2009, were as follows:

	Ordinary shares of 1p each		Ordinary A shares of 0.01p		Percentage of the issued share capital	
	2009 Number	2008 Number	2009 Number	2008 Number	2009 %	2008 %
Nigel Theobald*	500,000	-	-	5,000,000	3.12	3.12
Marcelo Bravo	2,500,000	-	-	2,500,000	15.58	15.58
Michael Bretherton	53,333	53,333	-	-	0.33	0.33

*In addition Nigel Theobald has 300,000 options in the company, see note 5 for further information.

GOING CONCERN
The Company has considerable financial resources available. As at 31 December 2009, the Company has cash and cash equivalents of £637,725 and raised an additional £1,100,000 from a share placing post year end. After making enquiries, the Directors confirm that they are satisfied that the Company has adequate support from the parent company to meet all of its debts and adequate resources to continue in business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT

Details of the Company's financial risk management objectives and policies are disclosed in note 12 to the financial statements.

The main risks arising from the Company's financial instruments are market risk and liquidity risk. The Directors review and agree policies for managing risk at least annually.

Market risk
Interest rate risk
The Company has no external financing facilities therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash and cash equivalents is mitigated by using fixed-rate deposit accounts.

Credit risk
The Company's principal financial asset is cash. The credit risk associated with cash is limited.

Liquidity risk
The Company seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Company had cash balances of £637,725 as at 31 December 2009 which the Directors consider to be sufficient to continue in business for the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements for the Company in accordance with International Financial Reporting Standards, as adopted by the European Union, ("IFRS").

The financial statements are required by law and IFRS to present fairly the financial position and performance of the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The financial statements are required by law to give a true and fair view of the state of the affairs of the Company.

In preparing the financial statements, the Directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements and estimates that are reasonable and prudent;
c) state whether they have been prepared in accordance with IFRS; and
d) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS
The Directors who were in office on the date of approval of these financial statements have confirmed, that as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

AUDITORS
RSM Tenon Audit Limited, were appointed auditors to the Company and have indicated their willingness to remain in office.

SMALL COMPANY PROVISION
This report has been prepared in accordance with the special provisions for small companies under Part 15 of Companies Act2006.

By order of the board

N Theobald
Director
14 April 2010

We have audited the financial statements (the "financial statements") of Oxford Nutrascience Limited on pages 8 to 26 for the year ended 31 December 2009, which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

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 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 2009 and of its loss for the period then ended;

- have been properly prepared in accordance with those International Financial Reporting Standards (IFRSs) adopted in use in the European Union; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Opinion

In our opinion:

- the financial statements have been prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2009 and of the company's loss for the period then ended;
- the information given in the Directors' Report is consistent with the financial statements.

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.

Alistair Hunt, Senior Statutory Auditor
For and on behalf of RSM Tenon Audit Limited, Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW
14 April 2010

OXFORD NUTRASCIENCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Notes	Year to 31 December 2009 £	(restated – note 1) Period to 31 December 2008 £
Revenue	2	**54,293**	42,677
Cost of sales		**(32,044)**	(31,582)
Gross profit		**22,249**	11,095
Administrative expenses	3	**(262,767)**	(131,133)
Operating loss	3	**(240,518)**	(120,038)
Finance Income	6	**11,356**	13,520
Loss before taxation		**(229,162)**	(106,518)
Taxation	7	**-**	-
Loss for the Year		**(229,162)**	(106,518)
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive income for the period		**(229,162)**	(106,518)
Attributable to:			
Equity holders of the Company		**(229,162)**	(106,518)

Comparative figures comprise the period from incorporation on 8 February 2008 to 31 December 2008.

The loss for the year arises from the Company's continuing operations.

STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2009

	Attributable to the equity holders of the Company				
	Share Capital £	**Share Premium £**	**Share Based Payment Reserve £**	**(restated – note 1) Retained Deficit £**	**Total Equity £**
As at 8 February 2008	-	-	-	-	-
Loss for the period	-	-	-	(106,518)	(106,518)
Issue of shares	130,767	984,533	-	-	1,115,300
As at 31 December 2008 (restated)	130,767	984,533	-	(106,518)	1,008,782
Loss for the year	-	-	-	(229,162)	(229,162)
Issue of shares	29,700	(29,700)	-	-	-
Share based payment	-	-	15,915	-	15,915
As at 31 December 2009	**160,467**	**954,833**	**15,915**	**(335,680)**	**795,535**

OXFORD NUTRASCIENCE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Notes	2009 £	(restated - note 1) 2008 £
Assets			
Non-current assets			
Property, plant and equipment	8	**718**	-
Intangible assets	9	**7,695**	1,046
		8,413	1,046
Current assets			
Inventories	10	**38,896**	19,175
Trade and other receivables	11	**169,442**	40,202
Cash and cash equivalents	12	**637,725**	988,967
		846,063	1,048,344
Total assets		**854,476**	1,049,390
Liabilities			
Current liabilities			
Trade and other payables	13	**(58,941)**	(40,608)
Total liabilities		**(58,941)**	(40,608)
Net assets		**795,535**	1,008,782
Equity			
Attributable to equity holders of the Company			
Share capital	14	**160,467**	130,767
Share premium	15	**954,833**	984,533
Share based payment reserve	5	**15,915**	-
Retained deficit		**(335,680)**	(106,518)
Net equity		**795,535**	1,008,782

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the board of Directors and authorised for issue on 14 April 2010 and signed on its behalf by:

Nigel Theobald
Director

Company number: 06498279

OXFORD NUTRASCIENCE LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2009

	Notes	Year to 31 December 2009 £	(restated – note 1) Period to 31 December 2008 £
Operating activities			
Loss before tax		**(229,162)**	(106,518)
Adjustments for non-cash items:			
Share based payment	5	**15,915**	-
Depreciation of property, plant and equipment	8	**20**	-
Amortisation of intangible assets	9	**868**	116
Increase in inventories		**(19,721)**	(19,175)
Increase in trade and other receivables		**(129,240)**	(40,202)
Increase in trade and other payables		**18,333**	40,608
Finance income		**(11,356)**	(13,520)
Net cash outflow from operations		**(354,343)**	(138,691)
Investing activities			
Purchase of property, plant and equipment	8	**(738)**	-
Purchase of intangible assets	9	**(7,517)**	(1,162)
Interest received		**11,356**	13,520
Net cash inflow from investing activities		**3,101**	12,358
Financing activities			
Proceeds from issue of share capital	14, 15	**-**	1,115,300
Net cash inflow from financing activities		**-**	1,115,300
(Decrease)/increase in cash and cash equivalents		**(351,242)**	988,967
Cash and cash equivalents at start of period		**988,967**	-
Cash and cash equivalents at end of period	19	**637,725**	988,967

Comparative figures comprise the period from incorporation on 8 February 2008 to 31 December 2008.

1) ACCOUNTING POLICIES

The Company has adopted International Financial Reporting Standards ("IFRS") with effect from 8 February 2008 and as such, these are the Company's first set of annual financial statements prepared in accordance with IFRS. Previously, the Company prepared its financial statements in accordance with accounting standards generally accepted in the United Kingdom ("UK GAAP"). The transition date to IFRS is 8 February 2008.

BASIS OF ACCOUNTING

The financial information have been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union.

The company has presented income and expenses in one statement, a statement of comprehensive income, which is separate from owner changes in equity, as required by IAS 1. Components of other comprehensive income, being items of income and expense not recognised in profit or loss as permitted by other IFRS, are also displayed in the statement of comprehensive income.

Historical Cost Convention

The financial information has been prepared on the historic cost basis. The principal accounting policies applied are set out below.

Prior period adjustment

The 2008 comparative figures have been restated to adjust for matters identified and corrected during the preparation of the financial information for inclusion in the AIM listing Admission Document as part of the AIM listing process referred to in the Post Balance Sheet Events , see note 18. Prior period adjustments have been made as follows:

- Other operating income has been reduced by £100;
- Finance income has been increased by £3,793 to £13,520 to include deferred interest;
- The deferred tax asset of £23,000 has been reversed as the Directors consider it to be too early to determine whether or not the losses are recoverable; and
- Reclassification between share capital and share premium has been amended.

The consequence of the above adjustments has been to increase loss after tax by £19,307 to £106,518, and to decrease total equity from £1,028,089 to £1,008,782.

SEGMENTAL REPORTING

The reportable disclosures are identified by the chief operating decision maker by the way management has organised the firm. The firm operates out of one location and produces one product.

The chief operating decision maker reviews the performance of the Company based on total revenues and costs and not by any segmental reporting.

REVENUE
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the normal course of business, net of discounts, VAT and other sales related taxes and is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow in to the Company.

Grant income is recognised as earned based on contractual conditions, generally as expenses are incurred, or in the case of capital expenditure grants, as the equipment purchased is used over the life of the grant.

FOREIGN CURRENCIES
Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are charged to profit or loss as they are incurred.
The functional and presentational currency of the Company is British pounds.

RESEARCH AND DEVELOPMENT
Research costs are charged to the statement of comprehensive income as they are incurred. Development costs that meet the criteria below are capitalised as intangible assets when it is probable that the future economic benefits will flow to the Company. Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each balance sheet date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The criteria for recognising expenditure as an asset are:

- it is technically feasible to complete the product;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development, use or sell the product; and
- expenditure attributable to the product can be reliably measured.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No research and development costs have been capitalised to 31 December 2009 since the criteria for their recognition as an asset has not been met.

LEASES
Rental payable under operating leases, which are leases where the lessor retains a significant proportion of the risks and benefits of the asset, are charged in the statement of comprehensive income on a straight line basis over the expected lease term.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment is their purchase price, together with any directly attributable costs of acquisition.

Depreciation is provided on all property, plant and equipment assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Computer equipment:	over 3 years

INTANGIBLE ASSETS
Patent costs and trademarks are stated at historic cost net of amortisation and any provision for impairment. Patent costs and trademarks are amortised over their useful economic life of 10 years years on a straight line basis. Amortisation is included within Administrative Expenses in the Statement of Comprehensive Income.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS
At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Discounted cash flow valuation techniques are generally applied for assessing recoverable amounts using three year forward looking cash flow projections and terminal value estimates, together with discount rates appropriate to the risk of the related cash generating units.

The recoverable amount of the intangible asset is the higher of its value in use and its fair value less costs to sell. Discounted cash flows are used to calculate the recoverable amounts which are based on cash generating units where assets do not generate cash flows independent from other assets.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

FINANCIAL ASSETS AND LIABILITIES

Trade and other receivables
Trade and other receivables do not carry any interest and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal. Cost is determined using the first in first out method of valuation. Provision is made for slow moving or obsolete items.

Trade and other payables
Trade and other payables are not interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 3 months.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

SHARE BASED PAYMENTS
The Company undertakes equity settled share-based payment transactions with certain employees.

Equity settled share-based payment transactions are measured with reference to the fair value at the date of grant, recognised on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest. Fair value is measured using the Black-Scholes model.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

TAXATION
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are discussed below:

Equity settled share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation method, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgements relating to the future volatility of the share price of comparable companies, the Company's expected dividend yields, risk free interest rates and expected lives of the options. The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations.

Research and development costs

Careful judgement by the Directors is applied when deciding whether the recognition requirements for capitalising development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems. Judgements are based on the information available at each Balance Sheet date which includes the progress with testing and certification and progress on, for example, establishment of commercial arrangements with third parties. In addition, all internal activities related to research and development of new products are continuously monitored by the Directors.

ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

At the date of authorisation of the financial information, the following Standards and Interpretations relevant to the operations of the Company, which have not yet been applied in this financial information, were in issue but not yet effective:

		Effective for periods commencing on or after
IFRS 2	Share based payments (amendments)	1 January 2010
IFRS 3	Business combination (revision)	1 July 2009
IFRS 8	Operating segments (amendments)	1 January 2010
IAS 1	Presentation of financial statements (amendments)	1 January 2010
IAS 7	Statement of Cash Flows (amendments)	1 January 2010
IAS 17	Leases (amendments)	1 January 2010
IAS 27	Consolidated and Separate Financial Statements (amendments)	1 July 2009
IAS 32	Financial Instruments: Presentation (amendments)	1 February 2010
IAS 36	Impairment of Assets (amendments)	1 January 2010
IAS 38	Intangible Assets (amendments)	1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement (amendments)	1 July 2009

The Directors do not anticipate that the adoption of these Standards and Interpretations will have a material impact on the financial information of the Company.

2) SEGMENTAL REPORTING

The chief operating decision maker is Nigel Theobald who reviews the reports of the Company as one segment only. The review of the Company's operating results is not broken down into other segments.

Revenue represents amounts derived from the sale of products which fall within the Company's ordinary activities after taking deduction of trade discounts and Value Added Tax. The Company's revenue is solely attributable to the sale of a calcium chew supplement, Ellactiva and to grant income. The Ellactiva revenues were generated in two main geographic areas, based on the customer's location, although all are managed in the UK. The Company's revenue per customer orientation is as follows:

Continuing operations	**Year to 31 December 2009 £**	**Period to 31 December 2008 £**
Product sales:		
UK*	35,224	22,830
Middle East**	9,069	19,847
	44,293	42,677
Grant income	10,000	-
Total Revenue	54,293	42,677

*97% of the UK revenue is generated from one customer (period to 31 December 2008: 99%)

** 100% of the Middle East revenue is generated from one customer (period to 31 December 2008: 100%)

All the Company's assets are held in the UK and all of its capital expenditure arises in the UK.

3) LOSS FROM OPERATIONS

	Year to 31 December 2009 £	Period to 31 December 2008 £
Loss from operations is stated after charging to administrative expenses:		
Depreciation of property, plant and equipment (see note 8)	**20**	-
Amortisation of intangible assets (see note 9)	**868**	116
Other operating lease rentals	**3,275**	4,090
Staff costs (see note 4)	**116,713**	63,521
Foreign exchange losses	**-**	266
Research and development	**70,750**	35,314
Auditors remuneration:		
Fees payable to the Company's auditor for the audit of the Company's accounts	**5,000**	-

4) STAFF COSTS

	Year to 31 December 2009 Number	Period to 31 December 2008 Number
The average monthly number of persons (including directors) employed by the Company during the period was:		
Administration and management	**2**	3

	Year to 31 December 2009 £	Period to 31 December 2008 £
The aggregate remuneration, including directors, comprised:		
Wages and salaries	**90,000**	56,875
Social security costs	**10,798**	6,646
Share based payments	**15,915**	-
	116,713	63,521

5) SHARE BASED PAYMENTS

The Company operates a share option plan, under which certain directors have been granted options to subscribe for ordinary shares. All options are equity settled. The options have an exercise price of 40p and the vesting period was generally 1 or 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The number and weighted average exercise prices of share options are as follows:

	Number of share options 2009	Weighted average exercise price per share (pence) 2009
At 8 February 2008 and 31 December 2008	-	-
Granted during the period	300,000	40
Outstanding at 31 December 2009	**300,000**	**40**

There were no share options outstanding at 31 December 2009 which were eligible to be exercised. To date no share options have been exercised, lapsed or forfeited. There are no market based vesting conditions attached to any of the share options outstanding at 31 December 2009.

On 27 January 2010, as part of a re-organisation and AIM listing as set out in note 18, the entire issued and to be issued share capital was acquired by Oxford Nutrascience Group plc. The share options have been cancelled and re-issued under the same terms within Oxford Nutrascience Group plc.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. This is estimated based on the Black Scholes model which is considered most appropriate considering the effects of the vesting conditions, expected exercise price and the payment of the dividends by the Company. The following table lists the inputs to the model used for the year ended 31 December 2009, market conditions are assumed to be met during the vesting period:

	Granted year to 31 December 2009
Dividend yield	-
Expected volatility*	50%
Risk free interest rate	0.5%
Expected vesting life of options	1-3 years
Weighted average exercise price	40p
Weighted average share price at date of grant	40p

*expected volatility is based on the rate used by similar start-up technology companies

A charge has been recognised in the statement of comprehensive income of £15,915 for the year (period to 31 December 2008: £nil).

6) FINANCE INCOME

	Year to 31 December 2009	**Period to 31 December 2008**
	£	**£**
Bank interest receivable	**11,356**	13,520

7) TAXATION

	Year to 31 December 2009	**Period to 31 December 2008**
	£	**£**
Current tax:		
UK corporation tax on losses of period	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	-	-

The charge for the period can be reconciled to the loss before tax per the Statement of Comprehensive Income as follows:

	Year to 31 December 2009 £	**(restated – note 1) Period to 31 December 2008 £**
The tax assessed for the Year varies from the small company rate of corporation tax as explained below:		
Loss on ordinary activities before tax	**(229,162)**	(106,518)
Tax at the standard rate of corporation tax 21.0% (2008:20.8%)	**(48,124)**	(22,156)
Effects of:		
Expenses not deductable for tax purposes	**186**	80
Online filing tax incentive	**(16)**	(21)
Unutilised tax losses	**47,954**	22,316
Change in UK corporation tax rate	**-**	(219)
Tax charge for the period	**-**	**-**

The Company has estimated losses of £335,682 (2008: loss of £106,518) available for carry forward against future trading profit. The Company has not recognised a deferred tax asset of £70,270 relating to these losses as their recoverability is uncertain (2008: £22,316).

8) PROPERTY, PLANT AND EQUIPMENT

	Total £
Cost	
At 8 February 2008 and 31 December 2008	**-**
Additions	738
At 31 December 2009	**738**
Depreciation	
At 8 February 2008 and 31 December 2008	-
Charge for the year	20
At 31 December 2009	**20**
Net book value	
At 31 December 2009	**718**
At 31 December 2008	-
At 8 February 2008	-

9) INTANGIBLE ASSETS

	Patents & trademarks £
Cost	
At 8 February 2008	-
Additions	1,162
At 31 December 2008	1,162
Additions	7,517
At 31 December 2009	**8,679**
Amortisation	
At 8 February 2008	-
Charge for the period	116
At 31 December 2008	116
Charge for the year	868
At 31 December 2009	**984**
Net book value	
At 31 December 2009	**7,695**
At 31 December 2008	1,046
At 8 February 2008	-

10) INVENTORIES

	2009 £	2008 £
Raw materials and consumables	**38,896**	19,175

The inventory expensed to cost of sales in the year is £32,044 (period to 31 December 2008: £31,582) and there has been no write off of stock in the year.

11) TRADE AND OTHER RECEIVABLES

	2009	2008
	£	£
Trade receivables	**12,999**	21,382
Other receivables	**154,389**	5,065
Prepayments and accrued income	**2,054**	13,755
	169,442	40,202

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

No provisions are held against receivables and no amounts past due have been impaired.

Included in other receivables is an amount of £143,590 owed by Oxford Nutrascience Group plc, see note 18 for further information.

12) RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Company's activities expose it to a variety of financial risks: market risk (specifically interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The management of these risks is vested in the Board of Directors. The policies for managing each of these risks are summarise below:

Management of market risk

i) Interest rate risk
As the Company has no significant borrowings the risk is limited to the potential reduction in interest received on cash surpluses held. Interest rate risk is managed in accordance with the liquidity requirement of the Company, with a minimum of 30 per cent. of its cash surpluses held within an instant access account, which has a variable interest rate attributable to it, to ensure that sufficient funds are available to cover the working capital requirements of the Company.

Interest rate sensitivity
The principal impact to the Company is the result of interest-bearing cash and cash equivalent balances held as set out below:

	2009			2008		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	£	£	£	£	£	£
Cash and cash equivalents	-	**637,725**	**637,725**	475,000	513,967	988,967

At 31 December 2009, the impact of a 10 per cent. increase or decrease in interest rates would have decreased/increased loss for the year by £638 (period to 31 December 2008: £514) as a result of higher/lower interest received on floating rate cash deposits.

Management of credit risk

The Company is exposed to credit risk from its operating activities, it principally arises from account receivables and to a lesser extent from short term bank deposits. The Company seeks to minimse this risk by only depositing funds with banks with a minimum rating of 'A', and by entering into formal contracts with its major customers, as well as using credit checks.

The maximum exposure to credit risk on the Company's financial assets is represented by their carrying amounts as outlined in the categorisation of financial instruments table above.

The Company does not consider that any changes in fair value of financial assets or liabilities in the year are attributable to credit risk.

The Company	**2009 £000**	**2008 £000**
Cash and cash equivalents		
AA	256,399	450,100
A	381,326	538,867
	637,725	988,967
Trade receivables		
Current	5,363	4,058
1 month – 6 months old	7,636	17,324
	12,999	21,382

Management of liquidity risk

The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company deems there is sufficient liquidity for the foreseeable future.

The Company had cash and cash equivalents at 31 December 2009 of £637,725 (31 December 2008: £988,967).

As at 31 December 2009 all financial assets and liabilities mature for payment within one year.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. The Company's overall strategy remains unchanged from 2008 to minimise costs and liquidity risk.

The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued capital, as disclosed in note 14 and reserves and retained earnings as disclosed in the Statement of Changes in Equity.

The Company is exposed to a number of risks through its normal operations, the most significant of which are market, credit and liquidity risks. The management of these risks is vested with the Board of Directors.

Categorisation of financial instruments

Financial assets/(liabilities)

	Loans and receivables	Financial liabilities at amortised cost	Total
	£	£	£
At 31 December 2009			
Trade and other receivables	167,388	-	**167,388**
Cash and cash equivalents	637,725	-	**637,725**
Trade and other payables	-	(53,206)	**(53,206)**
TOTAL	805,113	(53,206)	**751,907**

	Loans and receivables	Financial liabilities at amortised cost	Total
	£	£	£
At 31 December 2008			
Trade and other receivables	26,447	-	26,447
Cash and cash equivalents	988,967	-	988,967
Trade and other payables	-	(39,908)	(39,908)
TOTAL	1,015,414	(39,908)	975,506

The Company had no financial instruments measured at fair value through profit and loss.

13) TRADE AND OTHER PAYABLES

	2009	2008
	£	£
Trade payables	**48,297**	36,977
Other payables	**1,462**	473
Taxes and social security	**3,447**	2,458
Accruals	**5,735**	700
	58,941	40,608

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

14) SHARE CAPITAL

	Ordinary shares of 1p each Number	Ordinary A shares of 0.01p each Number	Ordinary shares of 1p each £	Ordinary A shares of 0.01p each £	Total £
Authorised:					
At 8 February 2008	-	-	-	-	-
Authorised ordinary shares	49,970,000	-	499,700	-	499,700
Authorised ordinary A shares	-	3,000,000	-	300	300
At 31 December 2008 and 31 December 2009	49,970,000	3,000,000	499,700	300	500,000
Share conversion	30,000	(3,000,000)	300	(300)	-
At 31 December 2009	50,000,000	-	500,000	-	500,000
Allotted, issued and fully paid shares:					
At 8 February 2008	-	-	-	-	-
Proceeds from issue of ordinary shares	13,046,666	-	130,467	-	130,467
Proceeds from issue of ordinary A shares	-	3,000,000	-	300	300
At 31 December 2008	13,406,666	3,000,000	130,467	300	130,767
Share issue	-	297,000,000	-	29,700	29,700
Share conversion	3,000,000	(300,000,000)	30,000	(30,000)	-
	16,406,666	**-**	**160,467**	**-**	**160,467**

On 26 October 2009 297,000,000 ordinary A shares of 0.01p each were issued to the holders of the ordinary A shares on the basis of 99 new ordinary A shares for every 1 ordinary A share held. £29,700 from the share premium reserve was capitalised to pay for the issue, see note 15.

On 27 October 2009 a resolution was passed to consolidate and convert all ordinary A shares to ordinary shares on the basis of 1 ordinary share for every 100 ordinary A shares held.

15) SHARE PREMIUM

	Share Premium £
At 8 February 2008	-
Premium on issue of shares	984,533
At 31 December 2008	984,533
Capitalisation on issue of new ordinary A shares	(29,700)
At 31 December 2009	**954,833**

16) COMMITMENTS

Operating lease commitments
The Group leases premises under non-cancellable operating lease agreements. The future aggregate minimum lease and service charge payments under non-cancellable operating leases are as follows:

	31 December 2009 £	31 December 2008 £
Land and buildings:		
Expiring in less than one year	**680**	2480
Expiring in one to five years	**-**	600
	680	3,080

17) RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

The Company's key management personnel comprise only the Directors of the Company.

During the year the Company entered into the following transactions in which the Directors had an interest:

Directors' remuneration:
Remuneration received by the Directors from the Company is set out below:

		2009		2008
Short-term employment benefits	**Salaries & fees £000**	**Employer's national insurance contribution £000**	**Total £000**	**Total £000**
Nigel Theobald	105,915	10,798	116,713	63,521
Marcelo Bravo	-	-	-	-
Michael Bretherton	-	-	-	-
David Norwood*	-	-	-	-

*David Norwood resigned on 31 December 2008

18) EVENTS AFTER THE BALANCE SHEET DATE

On 27 January 2010, Oxford Nutrascience Group PLC acquired 100 per cent of the issued share capital of the Company by issue of 401,164,650 new ordinary shares at 1.6 pence per share, which valued the Company at £6,418,666. This transaction was completed as part of a re-organisation to admit the Group to trading on AIM and to raise gross proceeds of £1,100,000 under a placing of new shares at 1.75 pence per share. The placing and admission to AIM was completed on 12 February 2010.

19) CASH AND CASH EQUIVALENTS

Cash and cash equivalent consist of cash in hand and balances with banks, and cash held on short term deposit. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	31 December 2009 £	31 December 2008 £
Cash in hand and balances with bank	637,725	513,967
Cash held on short-term deposits	-	475,000
At 31 December 2008	**637,725**	988,967

20) ULTIMATE CONTROLLING PARTY

At 31 December 2009 the Directors' do not believe that there was an ultimate controlling party.

On 27 January 2010 Oxford Nutrascience Group plc acquired the entire issued share capital of the Company and is now regarded by the Directors as the Company's parent and ultimate controlling party.

21) RECONCILIATION FROM UK GAAP TO IFRS

There were no reconciling items between the UK GAAP profit and loss account and the IFRS statement of comprehensive income for the Company in the period to 31 December 2008.

There were no reconciling items between the balance sheet and the IFRS Statement of Financial Position for the Company at 31 December 2008.