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MEDAVINCI Plc (formerly HHK Plc)

Report and Financial Statements

31 March 2007

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COMPANIES HOUSE

Contents

Registered No 5379931

Directors
G Hirsch
M Hough
P Teerlink
R Westerhof

Secretary
N Whiteley

Auditors
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London W1U 3LL

Bankers
Royal Bank of Scotland
62/63 Threadneedle St
London EC2R 8LA

Solicitors
Memery Crystal
44 Southampton Buildings
London EC2R 8LA

Brokers and Nominated Advisors
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88 Wood St
London WC2A 1AP

Registered office
49 Rodney Street
Liverpool
L1 9EW

Chairman's Statement

I present the results for the year ended 31 March 2007, a year in which the Company was largely inactive and, for part of it, held only one investment

As I reported in March 2006, your company acquired a 19 2% stake in Ergodynamics Applications BV ("Ergo"), through an acquisition of 25 6% of the issued share capital of HLJ Participations BV, and a 5% holding in Medavinci Developments BV as the first part in its development to make your company into an active investment company focussed on innovative technologies, products and services in the Health and Wellness markets

At last year's Annual General Meeting your company changed its name from HHK plc to Medavinci plc

In December 2006 the company appointed Mr Rob Westerhof as Chief Executive Mr Westerhof, a former senior executive of the Philips organisation has great experience in a long and successful career with Philips and at Medavinci he leads a team of experienced executive directors in identifying and assembling a group of portfolio companies in the Health and Wellness sector

At the time of Mr Westerhof's appointment the Company completed a placing of 24,010,448 new ordinary shares raising gross funds of £1,740,757 Of this £1 million was subscribed by Westlake Investments BV, a company controlled by our newly appointed Chief Executive, Mr Westerhof

In January 2007 the Company acquired a 47% stake in Emotion Fitness Mag Kft ("Emotion Fitness"), a company based in Hungary that is seeking to establish fitness centres in the emerging markets of Central and Eastern Europe, both in provincial and mid-size towns Emotion Fitness intends to roll out its fitness centres, initially in Hungary and Romania where the take up of membership of fitness centres is currently only about 10% of the membership levels of fitness centres in the more developed markets of Western Europe and the United States of America Medavinci will continue to provide advice and assistance in Emotion Fitness' development

Just before the Company's year end in March 2007, the Company increased its equity stake in Ergodynamics to 32% (via an increase in its shareholding in HLJ Participations BV) and provided a loan facility of 750,000 Euros, to enable Ergodynamics to accelerate its marketing and research and development plans

Since the year end the company has acquired a 30% interest in Demecal Europe BV ("Demecal") at a cost of £2 1 million which was satisfied by an issue of 17 5 million shares in Medavinci plc Demecal has developed, with Erasmus Medical Centre in Rotterdam, a patented technology for the analysis of blood It shares patents with a Japanese company

The principal risks facing the Group relate to any change in the economic and political stability in Eastern Europe and a risk of the new technologies not reaching the market

Your board believes that your company is well placed to continue with its objectives, with adequate financial resources, and that the investments made to date will prove successful

P Teerlink

Chairman

Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2007

Principal Activities, Trading Review and Future Developments

The principal activity of the company during the period under review was that of an investing company A review of the development of the business during the period is given in the Chairman s statement This also includes reference to the company's future prospects

Results and dividends

The loss after taxation for the year amounted to £136 000 (2006 loss £326 000)

The directors consider the results for the year to be satisfactory

The directors do not recommend the payment of a dividend for the year (2006 nil)

Directors and their interests

The directors who served during the period are disclosed below

The directors' interests all of which are beneficially held in the shares of the company are set out below

	At 31 March 2007 Ordinary shares of 1p each	*At 31 March 2006 Ordinary shares of 1p each*
Glyn Hirsch	2,000,000	2,000,000
Michael Hough[1]	2,000 000	2,000 000
Peter Teerlink	-	-
Robert Westerhof (appointed 18 December 2006)*	-	-

	At 31 March 2007 No of shares held under warrant	*At 31 March 2006 No of shares held under warrant*
Glyn Hirsch	2 000 000	2 000 000
Michael Hough	2 000,000	2,000 000
Peter Teerlink	-	-
Robert Westerhof (appointed 18 December 2006)	-	-

1 1 120 000 shares are held by Rathbone Nominees Ltd and 880 000 shares are held by JS & P Pension Trustees Ltd both companies of which Michael Hough has a beneficial interest

* Robert Westerhof holds a controlling interest in Westlake Investments BV a significant shareholder of Medavinci Details of Westlake's shareholding can be found in the major shareholders list on the following page

At the date of their appointment no directors held any interest in the shares of the company

Further information on the directors' interest in share warrants are disclosed in note 3 to the financial statements on page 15

Directors' report

Major Shareholders

As far as the Directors are aware at 21 September 2007, the Company has been notified of the following interests exceeding 3% of the Company s shares

Name of Shareholder	Shareholding at 21 September 2007 (%)
Westlake Investments BV	23 50
Carbonnieux Invest BV	21 38
Intellectual Property Partners	14 62
Romanee Investments BV	8 35
TLI Holdings BV	5 96
Rathbone Nominees Limited	5 41
Glyn Hirsch	3 41

Corporate Governance

The Board is aware of the current best practice for Corporate Governance At this stage of the development of the Company your Board is of the opinion that it would be impractical for additional governance procedures to be introduced at the current time This matter will be kept under review and at the appropriate time further internal controls will be introduced to ensure reasonable compliance with the recommendations of the Combined Code

Charitable and political donations

The group made no charitable or political donations in the year

Creditor payment policy

It is the Group policy to pay its suppliers in accordance with agreed terms The average payment period was 31 days

Treasury policy and financial risk

The main financial risk faced by the Group is liquidity risk The Group controls this risk by aiming to maximise returns from funds held on deposit

The Group's financial instruments comprise cash and various items such as trade debtors and trade creditors etc that arise directly from its operations It is not Group policy to trade in financial instruments

There is no material difference between the book value and the fair value of the financial instruments in the current or prior year

The Group incurs currency risk as a result of transactions that are denominated in a currency other than British pounds The Group does not enter into any forward exchange contracts in order to hedge its exposure to such risk

The main credit risk is in relation to cash This is managed by holding deposits with banks with an excellent credit rating

Directors' report

Further information is included in note 17 Terms of loans receivable are given in note 9 and 10

Information given to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in the office and a resolution to re-appoint them as auditors will be proposed at the Annual General Meeting

On behalf of the Board

Director
24 September 2007

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, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required to give a true and fair view of the state of affairs of the company and the group 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 judgments and estimates that are reasonable and prudent,
- state, in the parent company financial statements, whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for keeping proper accounting records that 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 1985 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions

Independent auditors' report

to the shareholders of Medavinci Plc

We have audited the group and parent company financial statements (the "financial statements") of Medavinci Plc for the year ended 31 March 2007 which comprise the consolidated profit and loss account the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets the consolidated cash flow statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and Group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements We also report to you if in our opinion, the company has not kept proper accounting records if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Report of the Directors and the Chairman's statement We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report

to the shareholders of Medavinci Plc

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2007 and of its loss for the year then ended,

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2007,

- the financial statements have been properly prepared in accordance with the Companies Act 1985 and

- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants

and Registered Auditors

London 24-9-07

Consolidated Profit and loss account

	Notes	Year ended 31 March 2007 £'000	Period from 2 March 2005 to 31 March 2006 £'000
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Administrative expenses		**(150)**	(340)
Operating loss	**2**	**(150)**	(340)
Interest receivable	**5**	**20**	14
Loss on ordinary activities before taxation		**(130)**	(326)
Tax	**6**	**(6)**	(-)
Loss for the financial period		**(136)**	(326)
Loss per share (pence)			
Basic and diluted	**7**	**(0 66)**	(4 1)

All amounts relate to continuing activities

The notes on pages 14 to 21 form part of these financial statements

Consolidated Balance sheet

at 31 March 2007

	Notes	31 March 2007 £'000	31 March 2006 £'000
FIXED ASSETS			
Tangible assets		1	-
Investments	8	1,396	597
Loans to undertakings in which the company has a participating interest	9	391	-
Other loans	10	170	-
		1,958	597
CURRENT ASSETS			
Debtors	11	108	-
Cash at bank and in hand		892	334
		1,000	334
CREDITORS: Amounts falling due within one year	12	(152)	(100)
NET CURRENT ASSETS		848	234
NET ASSETS		2,806	831
CAPITAL AND RESERVES			
Called up share capital	13	412	136
Share premium account	14	2,570	743
Warrant reserve	14	278	278
Profit and loss account	14	(454)	(326)
SHAREHOLDERS FUNDS	15	2,806	831

The Group financial statements were approved and authorised for issue by the board on 24 September 2007 and were signed on its behalf by P Teerlink

Director

The notes on pages 14 to 21 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses

	Notes	Year ended 31 March 2007 £'000	Period ended 2 March 2005 to 31 March 2006 £'000
Loss for the period		**(136)**	(326)
Net exchange differences on translating foreign operations	14	**8**	-
Total recognised loss for the period		**(128)**	(326)

The notes on pages 14 to 21 form part of these financial statements

Consolidated Cash Flow Statement

	Notes	Year ended 31 March 2007 £'000	Period from 2 March 2005 to 31 March 2006 £'000
Cash (outflow)/ inflow from operating activities	16	**(204)**	38
Returns on investment and servicing of finance			
Interest received		**20**	14
		20	14
Taxation			
Taxation paid		-	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(1)**	-
Payments to acquire investments		**(370)**	(57)
		(371)	(57)
Net cash outflow before financing		**(555)**	(5)
Financing			
Proceeds from the issue of shares		**1,741**	410
Costs of issue		**(67)**	(71)
Loan to participating interest		**(391)**	-
Other loan		**(170)**	-
		1,113	339
Increase in cash	16	**558**	334

The notes on pages 14 to 21 form part of these financial statements

Notes to the consolidated financial statements

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards

Basis of consolidation

The group financial statements consolidate the financial information of the company and of its subsidiaries to 31 March 2007 No profit and loss account is presented for Medavinci Plc as permitted by Section 230 of the Companies Acts 1985 The loss of Medavinci plc for the year ended 31 March 2007 is £160,000 (31 March 2006 loss £326,000)

Investments

Investments are held as part of an investment portfolio in the companies in which the group renders advice on sourcing and development of new technologies These are stated at cost less provision for permanent diminution in value

Certain investments have not been accounted for as associates in the financial statements as the Group does not exert significant influence as defined by FRS 9 · Associates and Joint Ventures

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Exchange differences are taken to the profit and loss account

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

Taxation

Current tax is the expected tax payable or receivable on taxable profit or loss for the period, using relevant tax rates and any adjustment to tax payable in respect of previous years

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Share based payments

FRS20 requires that the fair value of equity settled share based payments, such as share option awards is determined at the date of grant and is expensed on a straight line basis over the vesting period based on the Company's estimate of the options that will eventually vest In the case of warrants fair value is measured by a Black Scholes pricing model

Notes to the consolidated financial statements

2. Operating Loss

The operating loss is stated after charging

	2007 £'000	2006 £'000
Services provided by the group's auditors		
Group audit fees and expenses – statutory audit	**16**	12
– overseas audit of subsidiary	**2**	-
Other services (valuation report)	**3**	3
Equity settled share warrant charge (note 3)	-	278
National insurance on share warrants	-	28

3. Share Warrants

At 31 March 2007 the following warrants were in issue

	No of ordinary shares of 1p each	*Exercise period*	*Warrant price per share*
Glyn Hirsch	2,000,000	24 Mar 2005 – 23 Mar 2015	5p
Michael Hough	2 000 000	24 Mar 2005 – 23 Mar 2015	5p
Other non directors	1 000,000	24 Mar 2005 – 23 Mar 2015	5p

	2007 Weighted average Exercise price (pence)	2006 Weighted average Exercise price (pence)	**2007 Number**	2006 Number
Outstanding at the beginning of year	**5.56**	-	**5,000,000**	-
Granted during the year	-	5 56	-	5 000 000
Outstanding at the end of the year	**5.56**	5 56	**5,000,000**	5,000,000

The following information was relevant in the determination of the fair value of warrants granted during the prior year

Warrant pricing model used	Black-Scholes
Weighted average share price at date of grant (pence)	9 75
Exercise price (pence)	5 00
Contractual life (years)	4
Expected volatility	14%
Risk free interest rate	4 4%

The volatility assumption is based on statistical analysis of share prices
All warrants are exercisable at the year end
Share warrant charge in the prior year is shown in note 2 above

Notes to the consolidated financial statements

4. Employees

	2007 number	2006 number
Number of employees		
Average number of employees (all directors)	**3**	2

Directors	**2007**	2006
	£'000	£'000
Aggregate emoluments and total staff costs	**23**	-

During the year £11,021 (2006 nil) and £11,750 (2006 nil) was paid to HHSS LLP and Emisan Limited respectively for the services of a director

5. Interest receivable

	2007	2006
	£'000	£'000
Bank and other short term deposits	**20**	14

6. Taxation

	2007	2006
	£'000	£'000
Current tax charge on profits for the year	**6**	-
Taxation on profit on ordinary activities	**6**	-

Factors affecting the tax charge for the year

	2007	2006
	£'000	£ 000
Group loss on ordinary activities before taxation	**(130)**	(326)
Corporation tax at 30% (2006 – 30%)	**(39)**	(98)
Overseas taxation	**6**	-
Current tax losses not utilised	**39**	98
Total current tax charge	**6**	-

Deferred tax assets are recognised when it is more likely than not that they will be recovered

Notes to the consolidated financial statements

7 Loss per ordinary share

The calculation of the basic and diluted loss per share is based on the net loss after tax attributable to the ordinary shareholders for the period of £136,000 (2006 £326,000) and a weighted average number of shares in issue for the year ended 31 March 2007 of 20,585,945 (2006 7,891,623)

	2007	*2006*
	No	*No*
Weighted average ordinary shares in issue during the year	**20,585,945**	7,891,623

The effect of all potential ordinary shares under warrant is anti-dilutive The number of shares held under warrant amounts to 5,000,000

8. Fixed asset investments

	2007	*2006*
	£000	*£000*
At 1 April 2006	**597**	-
Additions - Medavinci Development BV	-	40
- HLJ Participations BV	**429**	557
- Emotion Fitness Mag Kft	**370**	-
At 31 March 2007	**1,396**	597

	No. of ordinary shares	**% Held**	**Cost £**	**Nature of business**
Medavinci Development BV	25	5	39,900	Development of innovative products in the medical industry
HLJ Participations BV	89	49	986,382	Holding company for investment in Ergodynamics Applications BV
Emotion Fitness Mag Kft	2 700	47	369 813	Fitness centres

HLJ Participations BV and Emotion Fitness Mag Kft (which is held by a subsidiary – Medavinci Healthcare Services BV) have not been included as associates in the financial statements as the directors consider that neither Medavinci Plc nor its subsidiary exert significant influence as defined by FRS9 'Associates and Joint Ventures'
The investments are unlisted The directors consider there to be no difference between the book value and the fair value of these investments

The following wholly owned subsidiary undertaking has been included in the consolidated financial statements

Medavinci Healthcare Services BV – holding company for the investment in Emotion Fitness Mag Kft

Notes to the consolidated financial statements

9. Loans to undertakings in which the company has participating interest

	2007	*2006*
	£000	*£000*
Loan to HLJ Participations BV	**391**	-

Interest accrues on the amount outstanding at a rate of 6% per annum Interest accrues on a day to day basis and is due for repayment on final repayment date The final repayment date is 17 March 2011

10 Other loans

	2007	*2006*
	£000	*£000*
Loan to Emotion Fitness Mag Kft	**170**	-

This is a convertible loan that has a repayment date of 30 January 2011 There is no interest due on the principal amount outstanding This loan can be converted on a pro rata percentage (based on draw down) at any time into Ordinary Shares such that total conversion of the principal amount will lead to 68 68% of the outstanding share capital post conversion

The directors consider that there is no significant difference between the fair value and the book value of the loans in note 9 and 10

11. Debtors

	2007	*2006*
	£000	*£000*
VAT recoverable	**1**	-
Other debtors	**107**	-
	108	

12. Creditors: amounts falling due within one year

	2007	*2006*
	£000	*£000*
Trade creditors	**99**	59
Accruals and deferred income	**47**	41
Corporation tax payable	**6**	-
	152	100

Notes to the consolidated financial statements

13. Share capital

Ordinary shares of 1p each	No	2007 £000	No	2006 £000
Authorised	**100,000,000**	**1,000**	100,000,000	1,000
Issued, called up and fully paid	**41,187,817**	**412**	13,599,000	136

On 15 December 2006, the Directors allotted a total of 17,586 207 ordinary shares for cash at 7 25p per ordinary share The total consideration amounted to £1,275,000, a premium of £1,099,138

On 22 December 2006 the Directors allotted a total of 6,424,241 ordinary shares for cash at 7 25p per ordinary share The total consideration amounted to £465,757, a premium of £401,515

On 17 March 2007, the Directors allotted a total of 3,578,369 ordinary shares by way of consideration for investments purchased, the consideration valued the shares issued at 12p per ordinary share The total consideration amounted to £429,404, a premium of £393,620

Share warrants are disclosed in note 3

14. Reserves

	Warrant Reserve £'000	*Profit and loss account £'000*	*Share Premium Account £'000*
At 1 April 2006	278	(326)	743
Premium on shares issued during the year	-	-	1,894
Issue costs charged to the share premium account	-	-	(67)
Loss for the year	-	(136)	-
Exchange rate variance on translation of foreign subsidiary	-	8	-
At 31 March 2007	**278**	**(454)**	**2,570**

15 Reconciliation of movements in shareholders' funds

	2007 £000	*2006 £000*
At 1 April 2006	**831**	-
Loss for the year	**(136)**	(326)
Exchange rate variance on translation of foreign subsidiary	**8**	-
Share warrant charge	**-**	278
Issue of ordinary shares	**276**	136
Share Premium (net of share issue expenses)	**1,827**	743
Shareholders' funds at 31 March 2007	**2,806**	831

Notes to the consolidated financial statements

16. Notes to the consolidated cash flow statement

(a) Reconciliation of operating loss to net cash (outflow)/ inflow from operating activities

	2007	*2006*
	£000	*£000*
Operating loss	**(150)**	(340)
Exchange rate variance	**8**	-
Increase in creditors	**46**	100
Increase in debtors	**(108)**	-
Increase in equity – share warrant charge	-	278
Net cash (outflow)/ inflow from operating activities	**(204)**	38

(b) Reconciliation of net cash inflow to movement in net debt

	2007	*2006*
	£000	*£000*
Net cash at 1 April 2006	**334**	-
Increase in cash in the year	**558**	334
Net cash at 31 March 2007	**892**	334

(c) Analysis of net cash

	At 1 April 2006	*Cash flow*	***At 31 March 2007***
	£000	*£000*	***£000***
Cash at bank	334	558	**892**

17. Financial risk management

The Group's financial instruments comprise of cash and deposits and investments in unlisted companies that arise directly from its operations It is not the Group's policy to trade in financial instruments There is no material difference between book value and fair value of financial instruments

Currency risk

The Group incurs currency risk as a result of transactions that are denominated in a currency other than British pounds The Group does not enter into any forward exchange contracts in order to hedge its exposure to such risk

Liquidity risk

The Group s earnings may be affected by changes in interest rates available on its cash deposits The company aims to maximise returns from funds held on deposit

Credit risk

The main credit risk is in relation to cash This is managed by holding deposits with banks with an excellent credit rating

Notes to the consolidated financial statements

18 Post balance sheet events

Since the year end the company has acquired a 30% interest in Demecal Europe BV (' Demecal) at a cost of £2 1 million which was satisfied by an issue of 17 5 million shares in Medavinci plc Demecal has developed, with Erasmus Medical Centre in Rotterdam, a patented technology for the analysis of blood It shares patents with a Japanese company

19. Related parties

During the year £11,021 (2006 nil) was paid to HHSS LLP for the services of a director, a company in which Mr Hough is also a director The amount outstanding at the balance sheet date was £2,938

A further £11,750 (2006 nil) was paid to Emisan Limited for the services of a director, a company in which Mr Hirsch is a director The amount outstanding at the balance sheet date was £11,750

Loans to related companies are disclosed in notes 9 and 10

Company Balance Sheet
at 31 March 2007

	Notes	31 March 2007 £'000	31 March 2006 £000
FIXED ASSETS			
Investments in subsidiary undertakings	2	**1,161**	-
Investments in participating interests	3	**1,027**	597
		2,188	597
CURRENT ASSETS			
Cash at bank and in hand		**726**	334
		726	334
CREDITORS: amounts falling due within one year	4	**(140)**	(100)
NET CURRENT ASSETS		**586**	234
NET ASSETS		**2,774**	831
CAPITAL AND RESERVES			
Called up share capital	5	**412**	136
Share premium account	6	**2,570**	743
Warrant reserve	6	**278**	278
Profit and loss account	6	**(486)**	(326)
SHAREHOLDERS' FUNDS	7	**2,774**	831

The parent company financial statements were approved and authorised for issue by the board on 24 September 2007 and signed on behalf of the board of directors

P Teerlink
Director

The notes on page 23 to 27 form part of these financial statements

Notes to the company financial statements

1 ACCOUNTING POLICIES

Basis of preparation

The company's balance sheet and notes have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements The loss of Medavinci Plc for the year ended 31 March 2007 is £160,000 (31 March 2006 £326,000)

Information on the Group s accounting policies is given on page 14 and these have been applied to the Company

Investments in participating interests

Investments are held as part of an investment portfolio in the companies in which the Company renders advice on sourcing and development of new technologies These are stated at cost less provision for permanent diminution in value

Certain investments have not been accounted for as associates in the financial statements as the Company does not exert significant influence as defined by FRS 9 "Associates and Joint Ventures"

Investments in subsidiaries

Investments in subsidiary undertakings are shown at cost less provision for any impairment in value

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Exchange differences are taken to the profit and loss account

Taxation

Current tax is the expected tax payable or receivable on taxable profit or loss for the period using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Share based payments

FRS20 requires that the fair value of equity settled share based payments such as share option awards, is determined at the date of grant and is expensed on a straight line basis over the vesting period based on the Company's estimate of the options that will eventually vest In the case of warrants, fair value is measured by a Black Scholes pricing model

Notes to the company financial statements

2 INVESTMENTS IN GROUP UNDERTAKINGS

	31 March 2007 £000	31 March 2006 £000
Cost		
At 1 April 2006	-	-
Subscription to shares and capital contributions	1,161	-
At 31 March 2007	1,161	-

During the year the company subscribed £12,789 for 100% of the issued share capital of Medavinci Healthcare services BV and subsequently made a capital contribution of £1,148,515

	No. of ordinary shares	% held	Cost £	Nature of Business
Medavinci Health Care services BV	18,000	100	1,161,304	Holding company for investments in innovative technologies for the healthcare sector

3. INVESTMENTS IN PARTICIPATING INTERESTS

	31 March 2007 £'000	31 March 2006 £000
Cost		
At 1 April 2006	597	-
Additions - Medavinci Developments BV	-	40
- HLJ Participations BV	430	557
At 31 March 2007	1,027	597

Notes to the company financial statements

3. **INVESTMENTS IN PARTICIPATING INTERESTS (continued)**

	No of ordinary shares	% Held	Cost £	Nature of business
Medavinci Development BV	25	5	39 900	Development of innovative products in the medical industry
HLJ Participations BV	89	49	986,382	Holding company

HLJ Participations BV has not been included as an associate in the financial statements as the directors consider that Medavinci Plc does not exert significant influence as defined by FRS 9 "Associates and Joint Ventures"

4 **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £'000	2006 £'000
Trade creditors	**94**	59
Accruals and deferred income	**46**	41
	140	100

5 **SHARE CAPITAL**

Ordinary shares of 1p each	**No.**	**2007 £000**	No	2006 £000
Authorised	**100,000,000**	**1,000**	100 000 000	1 000
Issued called up and fully paid	**41,187,817**	**412**	13 599,000	136

On 15 December 2006 the Directors allotted a total of 17 586,207 ordinary shares for cash at 7 25p per ordinary share The total consideration amounted to £1,275,000 a premium of £1 099 138

On 22 December 2006, the Directors allotted a total of 6,424,241 ordinary shares for cash at 7 25p per ordinary share The total consideration amounted to £465,757, a premium of £401,515

Notes to the company financial statements

On 17 March 2007, the Directors allotted a total of 3,578,369 ordinary shares by way of consideration for investments purchased, the consideration valued the shares issued at 12p per ordinary share The total consideration amounted to £429 404, a premium of £393 620

6. RESERVES

	Share warrant reserve £000	Share premium £'000	Profit & loss account £000
As at 1 April 2006	278	743	(326)
Loss for the year	-	-	(160)
Premium on shares issued during the year	-	1,894	-
Issue costs charged to the share premium account	-	(67)	-
As at 31 March 2007	**278**	**2,570**	**(486)**

7 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2007 £'000	31 March 2006 £'000
Opening shareholders' funds	**831**	-
Loss for the year	**(160)**	(326)
Issue of ordinary shares	**276**	136
Share premium (net of share issue expenses)	**1,827**	743
	-	278
Closing shareholders funds	**2,774**	831

Notes to the company financial statements

8 EMPLOYEES

	2007 number	2006 number
Number of employees		
Average number of employees (all directors)	3	2

Directors	2007	2006
	£'000	£ 000
Aggregate emoluments and total staff costs	23	-

During the year £11,021 (2006 nil) and £11,750 (2006 nil) was paid to HHSS LLP and Emisan Limited respectively for the services of a director

9 POST BALANCE SHEET EVENTS

Since the year end the company has acquired a 30% interest in Demecal Europe BV ('Demecal") at a cost of £2 1 million which was satisfied by an issue of 17 5 million shares in Medavinci plc Demecal has developed with Erasmus Medical Centre in Rotterdam, a patented technology for the analysis of blood It shares patents with a Japanese company

10. RELATED PARTIES

During the year £11 021 (2006 nil) was paid to HHSS LLP for the services of a director a company in which Mr Hough is also a director The amount outstanding at the balance sheet date was £2,938

A further £11,750 (2006 nil) was paid to Emisan Limited for the services of a director, a company in which Mr Hirsch is a director The amount outstanding at the balance sheet date was £11,750

Loans to related companies are disclosed in notes 9 and 10