MEDAVINCI PLC

Report and Financial Statements

31 March 2009

Registered No. 5379931

CONTENTS

Registered No. 5379931

DIRECTORS
G Hirsch
M Hough
A Reynolds
P Foulger (appointed 10 August 2009)

SECRETARY
P Foulger

INDEPENDENT AUDITORS
BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

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

Coutts & Co
440 Strand
London
EC2R 8LA

SOLICITORS
Memery Crystal
44 Southampton Buildings
London
EC2R 8LA

NOMINATED ADVISOR & BROKER
Zeus Capital Limited
3 Ralli Courts
West Riverside
Manchester
M3 5FT

REGISTERED OFFICE
14 Kinnerton Place South
London
SW1X 8EH

CHAIRMAN'S STATEMENT

I am pleased to report on our results for the year ended 31 March 2009. The loss before tax for the year under review was £5,207,000 compared to £171,000 in the corresponding period last year.

During the period, the board had to undertake a comprehensive review of the carrying value of the investments triggered by concerns over the underlying trading performance and financial position of the respective investee companies. Following this process, the directors have had to recognise full impairment provisions against the carrying values of the loans and investments relating to both Demecal and Ergodynamics. In the coming months however all efforts will be made to recover the outstanding loan finance given to these companies.

During the year, the company made a payment in cash to its wholly owned subsidiary MeDaVinci Healthcare Services BV of £465,000. As at the balance sheet date this cash is not in the subsidiary's bank account. £513,000 is believed to have been invested in ErgoDynamics Participations BV. Due to the change in management in the group it is, at the date of approval of these financial statements, proving difficult to substantiate the exact purpose that the funds were used for. In preparing the financial statements the cash payment has been treated as an additional advance to ErgoDynamics Participations BV, which, as discussed earlier, was considered to have been impaired at the balance sheet date. The consequence of this has led to our independent auditors qualifying their audit opinion on the grounds of a limitation of scope due to the lack of records available to enable them and us to confirm the accounting treatment is appropriate. Regardless of the impact on the audit report, management are continuing to investigate this transaction to establish for certain what the funds were used for.

The third investment that MeDaVinci plc made in 2006 was Emotion Fitness, a health and fitness business based in the town of Veszprem in Hungary. Emotion Fitness currently operates a successful gymnasium from a freehold property which it owns outright. After careful evaluation we believe that this business is robust and hence there is no impairment in the carrying value of MeDaVinci plc's 49% stake in Emotion Fitness. We are currently looking at opportunities to sell and lease back the freehold property thus freeing up cash which will be used to repay the loan note in full back to MeDaVinci plc.

Subsequent to the year end it was agreed that in order to secure the future of MeDaVinci plc, a rescue fund raising would have to be undertaken whilst the Company was evaluating its various investments. As a result, in July 2009 we successfully raised £421,540 before expenses, giving the Company sufficient working capital to continue its investigation into its interests and to look for other opportunities to generate growth for the Company.

The first phase of review has now been completed and over the coming months we will be looking to further simplify the corporate structure of the Group whilst seeking to recover as much liquidity from its investments as possible. The Board will also concentrate on working with the management of Emotion Fitness to improve the yield on the gymnasium business so that a profitable and viable operation in a growing market can be attained. Other investment opportunities will then be looked at in order to enhance shareholder value.

Adam Reynolds
Chairman
29 September 2009

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Principal activities of the group
The principal activity of the Group is to invest in health and wellness based companies. A review of the development of the business during the period is given in the Chairman's statement. This also includes reference to the Group's future prospects.

Principal risks and uncertainties

- **Management, employees and overseas consultants**

The success of the Group depends to a significant extent on key directors and employees both within the Company as well as those employed by the associate companies. Although the Directors believe they have access to strength and depth in the management team, the loss of one or more of the key Directors or employees could have an adverse effect on the Company.

- **Future acquisitions**

The Directors intend to grow the Group both organically and by acquisition. There can be no guarantee that the Directors will be able to agree the acquisitions of further suitable companies and/or businesses on acceptable terms, nor any guarantee that the Group will be able to raise sufficient future finance at such time. Insofar as the Directors do agree further acquisitions on behalf of the Company, while they will seek to protect the Company by conducting full due diligence and agreeing suitable warranties and indemnities from the vendors, there can be no assurance that such new acquisitions could be successfully integrated into the enlarged group. Finally, under the AIM Rules, acquisitions over a certain size would constitute a reverse takeover, and therefore in the event that the Company announced such an acquisition prior to the publication of an admission document, the Company's Ordinary Shares would be suspended from trading on AIM.

- **Currency risk**

The Company's associate businesses invoice for a proportion of their services in their local currency. MeDaVinci's foreign associate businesses invoice mainly in Euro and Hungarian Forint. Accordingly, the Company's financial operations could be adversely affected by exchange rate volatility which results in a shortfall in revenue when reporting in Pounds Sterling.

- **Key Performance Indicators ("KPIs")**

Given the straightforward nature of the business, the Company's directors consider that the overheads and loss figures are suitable as a basis for an understanding of the development, performance and position of the business.

Financial results and review of the business
The retained loss for the year is £5,207,000. A summary review of the business is covered in the Chairman's statement.

Directors
The directors who served during the year are as follows:-

Glyn Hirsch
Michael Hough
Adam Reynolds (appointed 23 July 2008)
Peter Teerlink (resigned 30 March 2009)
Robert Westerhof (resigned 10 August 2009)
Paul Foulger (appointed 10 August 2009)

All directors are subject to retirement by rotation under the company's articles of association.

The director retiring by rotation is Glyn Hirsch, who offers himself for re-election at the Annual General Meeting.

Charitable and political donations

No charitable or political donations were made during the year (2008: nil).

Policy and practice on payment to suppliers

The Company's policy is normally to pay suppliers according to agreed terms of business. These terms are agreed with suppliers upon entering into contracts (usually nett 30 days) and the company's policy is to adhere to the payment terms providing the supplier meets its obligations. The group's creditor days were 62 days (2008: 61 days).

Disclosure of information given to auditors
So far as the directors are aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors
A resolution to re-appoint BDO Stoy Hayward LLP as auditor to the Company and to authorise the directors to determine their remuneration will be proposed at the annual general meeting.

Annual general meeting
The annual general meeting of the company is to be held at 44 Southampton Buildings, London, WC2A 1AP on Thursday 29 October 2009 at 11am.

The notice of meeting appears in the document accompanying the report and accounts.

On behalf of the board

P Foulger
Director

29 September 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements
International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements
Company law requires the directors to prepare financial statements for each financial year which 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 2009 which comprise the consolidated and company balance sheets, the consolidated income statement, the consolidated statement of recognised income and expense, 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 group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent company 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the chairman's statement, and the statement of directors' responsibilities. 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, except that the scope of our work was limited as explained below.

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 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. However, with respect to an impairment charge of £513,000, arising from an increase in the loans to associates during the year and considered irrecoverable by the Directors, the evidence available to us was limited because we could not verify the existence of the initial receivable. Owing to the nature of the group's and company's records, we were unable to obtain sufficient appropriate evidence to support the additional investment being made and the impairment charge.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation on audit scope

Except for the financial effect of such adjustments, if any, that might have been determined to be necessary had we been able to satisfy ourselves as to the additional investment in associates during the year, in our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 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 2009;

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

In respect solely of the limitation on our work relating to the additional investment in associates during the year and the impairment charge:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper accounting records have been maintained.

In our opinion 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
29 September 2009

Registered No. 5379931

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	31 March 2009 £'000	31 March 2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	1	-	8
Investments in associates	2	350	3,306
Available for sale financial assets	3	-	40
Loans to associates	4	411	1,209
Derivative financial instruments- Conversion rights	5	29	509
		790	5,072
Current assets			
Trade and other receivables	6	14	106
Cash and cash equivalents	7	117	730
		131	836
Total assets		921	5,908
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	9	736	736
Other reserves	9	5,536	5,418
Retained earnings	9	(5,598)	(391)
Total equity		674	5,763
Current liabilities			
Trade and other payables	10	247	135
Current tax payable		-	10
Total liabilities		247	145
Total equity and liabilities		921	5,908

The financial statements were approved and authorised for issue by the board on 28 September 2009 and were signed on its behalf by:-

P Foulger

The notes on pages 13 to 34 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
- Recurring administrative expenses		(307)	(257)
- Impairment of investments		(3,430)	-
- Impairment of receivables		(1,611)	-
Administrative expenses		(5,348)	(257)
Finance income - bank interest		10	22
- interest on loan to associates		150	58
- foreign exchange gains		150	-
- change in fair value of derivatives		-	161
Finance expense - change in fair value of derivatives		(95)	-
Share of post tax loss of associates	2	(74)	(155)
Loss before taxation	11	(5,207)	(171)
Income tax expense	12	-	(2)
Loss for the year	9	(5,207)	(173)
Earnings per share			
Basic and diluted	13	(7.1p)	(0.3p)

The notes on pages 13 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Net exchange differences on translating foreign operations	9	**118**	584
Net income recognised directly in equity		**118**	584
Loss for the year		**(5,207)**	(173)
Total recognised income and expense for the year		**(5,089)**	411
Attributable to equity holders of the parent		**(5,089)**	411

The notes on pages 13 to 34 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash generated from operations	14	(110)	(82)
Interest received		10	22
Net cash flow from operating activities		(100)	(60)
Cash flows from investing activities			
Acquisition of investments		-	(106)
Purchase of property, plant and equipment	1	-	(8)
Increase in loans to associates		(513)	(957)
Net cash flow from investing activities		(513)	(1,071)
Cash flows from financing activities			
Proceeds from issue of equity instruments		-	969
Net cash flow from financing activities		-	969
Net decrease in cash and cash equivalents		(613)	(162)
Cash and cash equivalents at beginning of the year		730	892
Cash and cash equivalents at end of the year	7	117	730

The notes on pages 13 to 34 form part of these financial statements.

PRINCIPAL ACCOUNTING POLICIES

MeDaVinci plc is a public limited liability company governed by UK law, established in the UK and listed on the Alternative Investment Market (AIM). The company's registered office is in the UK. Its office address is 14 Kinnerton Place South, London, SW1X 8EH.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement at fair value of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Directors are of the opinion that the Group is a going concern on the basis that following the Company's recent fundraising, as announced on 8 July 2009, the Group has sufficient cash to meet its foreseeable working capital commitments.

Consolidation

Subsidiaries

Subsidiaries are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets required and liabilities and contingent liabilities assumed in a business contribution are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets required is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, the accounting policies of subsidiaries have been changed in order to ensure consistency with the policies adopted by the group.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss

PRINCIPAL ACCOUNTING POLICIES (continued)

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment reporting has been discussed further in note 19.

Foreign currency translation

Measurement currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements are presented in sterling, which is the functional and presentation currency of the parent.

Transactions and balances

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

Income statements and cash flow of foreign entities are translated into the group's functional currency at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling at the period end.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

PRINCIPAL ACCOUNTING POLICIES (continued)

Intangible assets – Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indicator exists the Group tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is required. In addition to this, assets with indefinite lives and goodwill are tested for impairment at least annually.

The value in use is calculated as the present value of estimated future cash flows expected to result from the use of assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the group uses a discount rate based on the group's estimated weighted average cost of capital, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment calculation represents management's best view of the likely future market conditions and current decisions on the use of each asset or asset group.

For the purpose of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

PRINCIPAL ACCOUNTING POLICIES (continued)

Interest

Interest income is recognised on a time proportion basis, using the effective interest method.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of the group's financial assets at initial recognition.

(a) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

When investments classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment". Interest on available for sale investments calculated using the effective interest method is recognised in the income statement. Dividends on available for sale investments are recognised in the income statement when the Group's right to receive payments is established.

Regular purchases and sales of investments are recognised on the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for sale investments and investments held for sale are subsequently carried at fair value.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and the option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs. If the fair value of an unquoted equity instrument cannot be measured reliably, it is measured at cost.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

(c) Loan to associates

Convertible loans are financial instruments consisting of a loan constituent and a derivative financial instrument: the conversion right. The conversion right is presented separately as a derivative and is classified as held for trading. The loan constituent is initially recognised at fair value and subsequently at amortised cost using the effective interest method, less impairment adjustments, such as provisions for bad debts.

PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment adjustments are recognised based on objective factors and indications. Significant financial difficulty being experienced by the associate company, probability of entering bankruptcy or financial restructuring are all considered indicators of impairment.

The amount of provision is the difference between the carrying value and the estimated present value of future cash flows discounted at the original effective interest rate. Impairment losses are recognised in the income statement.

The loan constituent is classified within loans and receivables and is separately presented on the face of the balance sheet as non current assets.

d) Derivative financial instruments

Derivatives are recognised at fair value using generally accepted valuation techniques. If there is an active market for the derivatives, they are recognised at the quoted market price. If fair value cannot be determined in a reliable manner, derivatives are recognised at cost. Compound derivatives are separated from the basic contract and recognised at fair value using generally accepted valuation techniques. If the fair value of the separated individual derivative financial instrument cannot be determined in a reliable manner, the entire compound contract is held as a financial asset or financial liability for trading purposes.

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 the proceeds.

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning after 1 April 2009 or later periods and which, except where indicated, the group has decided not to adopt early. These are set out below:

PRINCIPAL ACCOUNTING POLICIES (continued)

Standards directly relevant to the Company:

No.	Name	Effective Date (periods beginning)	Description and guidance	Endorsed by the EU
1	Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments.	1 July 2008	This Amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The Amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. This standard was effective during the period. There has been no impact in the current year financial statements.	Endorsed
2	Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments – Effective Date and Transition.	1 July 2008	This Amendment clarifies the effective date and transitional arrangements of the Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments (Issued 13 October 2008). This standard was effective during the period. There has been no impact in the current year financial statements.	Endorsed
3	IFRS 8 Operating Segments	1 January 2009	This standard requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard also requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet.	Endorsed

PRINCIPAL ACCOUNTING POLICIES (continued)

4	Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 January 2009	This Amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The purpose of making the distinction is so as to be able to address the accounting for non-vesting conditions, which were not previously covered by IFRS 2. The guidance in IFRS 2 covering the accounting for vesting conditions is not affected by the Amendment. The Amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Amendment is likely to have a particular impact on entities operating Save As You Earn (SAYE) schemes because it results in an immediate acceleration of the IFRS 2 expense if an employee decides to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan.	Endorsed
5	Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation	1 January 2009	The Amendment to IAS 1 affects the presentation of owner changes in equity and of comprehensive income. An entity will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). In addition, the new requirements would require the presentation of an opening comparative balance sheet when there is a change in accounting policy. The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs	Endorsed

PRINCIPAL ACCOUNTING POLICIES (continued)

6	Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate	1 January 2009	This Amendment allows a first-time adopter that, in its separate financial statements, elects to measure its investments in subsidiaries, jointly controlled entities or associates at cost to initially recognise these investments either at cost determined in accordance with IAS 27 or deemed cost (being either its fair value at the date of transition to IFRSs or its previous GAAP carrying amount at that date). The Amendments also removes the definition of the cost method of accounting for an investment in a subsidiary, jointly controlled entity or associate. This has the effect of removing the requirement to deduct distributions received that arise from pre-acquisition profits from the cost of the investment. Instead, the dividend is recognised as income and the cost of investment is subject to an impairment test.	Endorsed
7	Improving Disclosures about Financial Instruments (Amendments to IFRS 7)	1 January 2009	This Amendment requires the analysis of each class of financial asset and financial liability, into a three level fair value measurement hierarchy. It requires additional disclosures in respect of those financial instruments classified as Level Three (namely those that are measured using a valuation technique which uses inputs that are not based on observable market data). It also implements some changes to the definition of and disclosures associated with liquidity risk.	Yet to be endorsed
8	Amendments to IAS 27 Consolidated and Separate Financial Statements	1 July 2009	This Amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. The Amendment does not require the restatement of previous transactions. The Amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised.	Endorsed

PRINCIPAL ACCOUNTING POLICIES (continued)

Standards not directly relevant to the Company:

No.	Name	Effective Date (periods beginning)	Endorsed by the EU
1	IFRIC 13 Customer Loyalty Programmes	1 July 2008	Endorsed
2	IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008	Endorsed
3	Revised IFRS 1 First-time Adoption of international Financial Reporting Standards	1 January 2009	Yet to be endorsed
4	Amendment to IAS 23 Borrowing Costs	1 January 2009	Endorsed
5	Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	Endorsed
6	Improvements to IFRSs (2009)	1 January 2009	Endorsed
7	IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009	Endorsed
8	Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	30 June 2009	Yet to be endorsed
9	Revised IFRS 3 Business Combinations	1 July 2009	Endorsed
10	Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009	Yet to be endorsed
11	IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009	Yet to be endorsed
12	IFRIC 18 Transfer of Assets from Customers	Transfers of assets from customers received on or after 1 July 2009	Yet to be endorsed
13	Improvements to IFRSs (2010)	Generally 1 January 2010	Yet to be endorsed
14	Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2010	Yet to be endorsed
15	Additional Exemptions for First-time Adopters (Amendments to IFRS 1)	1 January 2010	Yet to be endorsed

PRINCIPAL ACCOUNTING POLICIES (continued)

Critical Judgments and Key Sources of Estimation Uncertainty

MeDaVinci makes estimates and assumptions regarding the future. The resultant budgeted and accounting outcomes will rarely be the same as the actual results. Estimates and assumptions are evaluated on an ongoing basis and are based on experience and other factors, including expectations of future events that are perceived as reasonable based on the circumstances. The following estimates and assumptions bear a significant inherent risk, which could result in material adjustments to the carrying amount of assets and liabilities in the coming year:

(a) Impairment of Financial Assets (Non-current)
Where there are indications of impairment and at least once a year, MeDaVinci tests financial assets for impairment. The realisable value of financial assets is determined using generally accepted valuation techniques, including value-in-use calculations. These calculations and valuations require the use of estimates.

Based on these tests, possible impairment must be reported. However, where the actual performance of the underlying activities, businesses and cash-generating units is substantially worse, actual impairment losses could be incurred and/or differ from the reported impairment losses. These impairment losses could have a material impact on the carrying amount of financial assets.

(b) Carrying Value of Deferred Tax Assets and Deferred Tax Liabilities
Assumptions play a major role in the determination of deferred tax assets and deferred tax liabilities. Many uncertain factors can affect the amount of carry-forward tax losses. MeDaVinci values the carrying amounts of deferred tax assets relating to carry-forward tax losses, and the carrying amount of deferred tax liabilities relating to carry-back tax losses on the basis of its best estimates. Where actual outcomes differ from the original estimates, the differences will affect taxes and the income statement, as well as the deferred tax assets and/or deferred tax liabilities in the period in which these differences occur.

(c) Determination of Significant Influence
Where the group holds investments in associates the directors must consider whether a significant influence is held over the ability for the investee company to operate. This consideration determines how the investment is accounted for in the financial statements.

(d) Fair Value of Derivatives
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

(e) Determination of power to control

The investment in Emotion Fitness Mag Kft is stated as a 47% shareholding in line with a shareholders agreement that details this holding. Additionally MeDaVinci holds exercisable convertible loans that, if converted, would result in an additional 14.7% shareholding of Emotion Fitness Mag Kft. However, the directors have concluded that they do not have the power to control Emotion Fitness Mag Kft due to the terms described in the shareholders agreement. Consequently, Emotion Fitness Mag Kft has not been consolidated and has been treated as an associate in the accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. PROPERTY, PLANT AND EQUIPMENT

	Plant, Machinery & Equipment £'000	2009 Total £'000	Plant, Machinery & Equipment £'000	2008 Total £'000
Cost				
At 1 March	9	9	1	1
Additions	-	-	8	8
31 March	9	9	9	9
Depreciation				
At 31 March	1	1	-	-
Charge for the year	8	8	1	1
At 31 March	9	9	1	1
Net book value				
At 31 March	-	-	8	8

2. INVESTMENTS IN ASSOCIATES

	2009 £'000	2008 £'000
At fair value		
At 1 April	3,306	1,364
Additions	-	1,715
Share in the result	(74)	(155)
Transfer to available for sale financial assets	-	(40)
Exchange rate movement	-	422
Impairment during the year	(2,882)	-
At 31 March	350	3,306

During the year, the Directors carried out an impairment review of the Company's three investments, Demecal Europe BV, Ergodynamics Participations BV, and Emotion Fitness Mag Kft.

Demecal Europe BV:
Demecal was originally established to develop technology aimed at analysing blood samples through point-of-care services. Whilst development appeared to be progressing well last year, it become apparent prior to the year end that further substantial cash requirements were needed for the development of the business. The directors undertook a detailed review of the business including technical progress and the likelihood of raising additional funding in a difficult economic environment and concluded that such was the dependency of the future survival of the business of the ability to raise additional cash that the expected future cash flows were £nil. Consequently an impairment loss was recognised in respect of both the equity investment and the loan receivable.

Unfortunately after the year end, additional cash funding was not forthcoming and as a consequence, as announced on 26th May 2009, Demecal Europe BV was declared bankrupt in the Dutch Courts. The Board is currently awaiting the administrator's report which will show the extent of Demecal's liabilities and assets as well as details of any recoverable value from its intellectual property. The Directors believe that any distribution from the administrator is unlikely.

The amount of impairment loss recognised in the income statement during the year is £1,752,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

2. INVESTMENTS IN ASSOCIATES (continued)

Ergodynamics:
Ergodynamics was originally established to develop technology for the treatment and relief of back pain; although the business has now developed and commercialised a product, it is unclear whether this remains a viable venture or whether any return will be made on the Company's investment. It became apparent prior to the year end that further substantial cash requirements were needed for the development of the business. The directors undertook a detailed review of the business including technical progress and the likelihood of raising additional funding in a difficult economic environment and concluded that such was the dependency of the future survival of the business of the ability to raise additional cash that the expected future cash flows were £nil. Consequently an impairment loss was recognised in respect of both the equity investment and the loan receivable.

The amount of impairment loss recognised in the income statement during the year is £1,130,000.

During the year, the company made a payment in cash to its wholly owned subsidiary MeDaVinci Healthcare Services BV of £465,000. As at the balance sheet date this cash is not in the subsidiary's bank account and £513,000 is believed to have been invested in ErgoDynamics Participations BV. Due to the change in management in the group it is, at the date of approval of these financial statements, proving difficult to substantiate the exact purpose that the funds were used for. In preparing the financial statements the cash payment has been treated as an additional advance to ErgoDynamics Participation BV which, as discussed earlier, was considered to have been impaired at the balance sheet date.

Details of the investments held are as follows:-

	No. of ordinary shares	% Held	Carrying Value £'000	Nature of Business
ErgoDynamics Participations BV	89	49%	-	Holding company for investment in Ergodynamics Applications BV
Emotion Fitness Mag Kft	2,700	47%	350	Fitness centres
Demecal Europe BV	5,400	30%	-	Development and Selling of blood tests

The above named companies prepare their financial statements as of 31 December each year. The latest figures were for the year ended 31 December 2008 and these were used to determine the net equity value at 31 March 2009, allowing for the effect of significant transactions in the period of 31 December 2008 to 31 March 2009.

The group's share of the associates' results (after tax and minorities) and equity are as follows:

	2009 £'000	2008 £'000
Sales	**88**	180
Result for the year	**(74)**	(155)
Total assets	**672**	2,781
Total liabilities and obligations	**(560)**	(2,956)
Total equity	**112**	(175)

3. AVAILABLE FOR SALE FINANCIAL ASSETS

	2009 £'000	2008 £'000
At 1 April	40	-
Transferred from investments in associates	-	40
Impairment during the year	(40)	-
At 31 March	-	40

	No. of Shares	Type of Shares	% Held	Cost £'000	Nature of business
MeDaVinci Development BV	25	Ordinary	5%	40	Development of innovative products in the medical industry

4. LOANS TO ASSOCIATES

	2009 £'000	2008 £'000
Loan to ErgoDynamics Participations BV	-	142
Loan to Emotion Fitness Mag Kft	411	318
Loan to Demecal Europe BV	-	749
At 31 March	411	1,209

Interest accrued on the loan to Emotion Fitness Mag Kft using the effective interest method is disclosed in note 16 to the consolidated financial statements. The loan can be converted into ordinary shares at any time of whole or part thereof provided that total conversion will lead to 68.68% of the outstanding share capital post conversion or any pro rata percentage thereof post conversion as a result of the partial conversion.

Interest accrued on the loans to ErgoDynamics Participations BV and Demecal Europe BV using the effective interest method is disclosed in note 16. Following the impairment review as detailed in note 2 to the consolidated financial statements, the carrying value of these loans are £nil.

5. CONVERSION RIGHTS – DERIVATIVE FINANCIAL INSTRUMENTS

	2009 £'000	2008 £'000
Conversion rights	29	195
Warrants	-	314
	29	509

The conversion right is part of a zero interest convertible loan note facility of €2,500,000 (£1,981,000) whereby conversion of the full facility will lead to 68.68% of the outstanding share capital post conversion or any pro rata percentage thereof post conversion as a result of a partial conversion of Emotion Fitness Mag Kft. At balance sheet date €535,000 (£496,000) is drawn under the facility so that partial conversion will lead to 14.7% of the outstanding share capital post conversion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

5. CONVERSION RIGHTS – DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Further, MeDaVinci has a convertible loan note with a conversion right on shares in Demecal Europe BV as well as warrant instruments on shares in Ergo Dynamics Participations BV. In determining the fair value of both instruments the directors have considered that there is no active market for both instruments and therefore the value of these instruments have been assessed using the Black & Scholes pricing model.

Following the impairment review as detailed in note 2 to the consolidated financial statements, the fair value of the warrant instrument on shares in ErgoDynamics Participations BV, and the conversion right on shares in Demecal Europe BV is as a consequence £nil.

6. TRADE AND OTHER RECEIVABLES

	2009	2008
	£'000	£'000
Other receivables	**-**	4
Amounts owed by participating interests	**-**	88
Prepayments and accrued income	**14**	14
	14	106

7. CASH AND CASH EQUIVALENTS

	2009	2008
	£'000	£'000
Cash at bank and in hand	**117**	730

8. CALLED UP SHARE CAPITAL

	2009 Numbers ('000)	2008 Numbers ('000)
Ordinary shares of 1 pence each		
Authorised	**500,000**	100,000
Issued		
At beginning of year	**73,600**	41,188
Issued in year	**-**	32,412
At end of year	**73,600**	73,600

On 8 July 2009 the company issued 421,540,000 shares of 0.1 pence each. The total cash consideration received amounted to £421,540.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

9. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Retained earnings	Foreign Currency Reserve	Associates fair value reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2007	412	2,570	(218)	10	-	2,774
Loss for the year attributable to equity shareholders	-	-	(173)	-	-	(173)
Unrealised exchange movement	-	-	-	584	-	584
Fair value adjustment on investment	-	-	-	-	(481)	(481)
Issue of shares	324	2,745	-	-	-	3,069
Transaction costs deducted from equity	-	(10)	-	-	-	(10)
Movement in year	324	2,735	(173))	584	(481)	2,989
At 31 March 2008	736	5,305	(391)	594	(481)	5,763
Loss for the year attributable to equity shareholders	-	-	(5,207)	-	-	(5,207)
Unrealised exchange movement	-	-	-	118	-	118
Fair value adjustment on investment	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-
Transaction costs deducted from equity	-	-	-	-	-	-
Movement in year	-	-	(5,207)	118	-	(5,089)
At 31 March 2009	736	5,305	(5,598)	712	(481)	674

The authorised, called up and fully paid share capital relates to 73,600,000 shares at a nominal value of 1 pence each.

The share premium reserve relates to the excess of amounts received for shares issued above the nominal value of the shares less any costs directly relating to the issue of the shares. The foreign currency reserve consists of all the translation differences as from 1 April 2006 resulting from the translation of the net investment in activities denominated in a currency other than UK sterling. These foreign exchange differences are initially recognised in this reserve. In the event of disposing of the foreign net investment in question, the related part recognised in the reserve is transferred to the income statement.

Shares forming part of the consideration for the acquisition of a subsidiary or an associate undertaking are valued at their fair value for the purposes of computing acquisition cost and goodwill under IFRS 3 – Business Combinations and IAS 28 – Investments in Associates. By contrast, the value of the share premiums arising on the shares issued, for the purposes of section 130 of the Companies Act 1985, is based on the value to the issuing company of the consideration it has received. Where these values are different the premiums are disregarded, the cost of investment in the parent company's books will be different from the cost of acquisition for the purposes of IFRS 3 and IAS 28 respectively. As the difference should form a separate element of consolidated reserves, and does not form part of goodwill it is recognised in the associate's fair value reserve in equity.

The retained earnings reserve relates to the cumulative result since incorporation plus any results of acquisitions from the date of the particular acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

10. TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade creditors	113	79
Other creditors	22	1
Accruals	112	55
	247	135

11. LOSS BEFORE TAXATION

	2009 £'000	2008 £'000
The following items have been included in arriving at loss before taxation:		
Services provided by the Group's auditors		
Group audit fees and expenses – statutory audit	17	25
Other services	-	8
Foreign exchange gains and losses	150	110

12. TAXATION

	2009 £'000	2008 £'000
Current tax	-	2
Deferred tax	-	-
Taxation	-	2

Factors affecting the tax charge for the period

	2009 £'000	2008 £'000
Loss before tax	(5,207)	(171)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	(1,458)	(51)
Effects of:		
Overseas taxation	-	-
Current tax losses not utilised	1,458	53
Total taxation	-	2

There is a potential deferred tax asset of £1,458,000 (2008:£99,000) relating to the cumulative tax losses totalling £5,559,000 (2008:£352,000) carried forward. The deferred tax asset is not provided for as the directors are uncertain when the group will generate sufficient profits for the losses to be offset against.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

13. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

	2009 £'000	2008 £'000
Loss attributable to equity holders of the company	(5,207)	(173)
Weighted average number of ordinary shares in issue (thousands)	73,600	56,441
Basic earnings per share (pence)	(7.1)	(0.3)

Diluted

The Group had no dilutive potential ordinary shares in either year, which would serve to increase the loss per ordinary share. Therefore, there is no difference between the loss per ordinary share and the diluted loss per ordinary share.

14. CASH FLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Loss before taxation	(5,207)	(171)
Finance income	(310)	(241)
Finance expense	95	
Share of loss in investments in associates	74	155
Impairment loss on investments and loans	5,041	-
Changes in working capital (excluding effect of acquisitions and disposals)	(307)	(257)
Decrease in trade and other receivables	93	2
Increase in trade and other payables	104	173
Cash outflow from operations	(110)	(82)

15. EMPLOYEES AND KEY MANAGEMENT

Number of employees	2009 number	2008 number
Average number of employees	3	3

Directors	2009 £'000	2008 £'000
Aggregate emoluments and total staff costs	66	88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

15. EMPLOYEES AND KEY MANAGEMENT (continued)

During the year £5,875 (2008: £11,750), £3,169 (2008: £nil), £4,792 (2008: £nil) was paid to HHSS LLP, Hansard Communications Limited and Diablo Consulting Limited respectively for the services of a director. These amounts are included in the figures above.

16. RELATED PARTIES

During the year £5,875 (2008: £11,750) 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 £nil.

A further £3,169 (2008: £nil) was paid to Hansard Communications Limited for the services of a director, a company in which Mr Reynolds is a director. The amount outstanding at the balance sheet date was £3,169.

A further £4,792 (2008: £nil) was paid to Diablo Consulting Limited for the services of a director, a company in which Mr Reynolds is a director. The amount outstanding at the balance sheet date was £4,792.

As detailed in note 4, the group has made loans to associates. The group provides funds to these companies and charges them interest in accordance with the terms set out in note 4.

Loans

	Balance at 1 April 2008	Advances in the year	Amount written off	Exchange rate variance	Interest accrued	**2009 Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**
ErgoDynamics Participations BV	142	513	(759)	24	80	-
Emotion Fitness Mag Kft	318	-	-	53	40	**411**
Demecal Europe BV	749	-	(852)	73	30	-
TOTAL	1,209	513	(1,611)	150	150	**411**

17. POST BALANCE SHEET EVENTS

On 26 May 2009 the nominal value of each share was reduced from 1 pence to 0.1 pence. Following this, the Group's Ordinary Share capital comprises 73,600,000 Ordinary shares of nominal value 0.1 pence each and 73,600,000 deferred shares of 0.9 pence each.

On 8 July 2009 the company issued 421,540,000 shares of 0.1 pence each. The total cash consideration received amounted to £421,540.

As stated in note 2 to the consolidated financial statements, on 26th May 2009, Demecal Europe BV was declared bankrupt in the Dutch Courts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

18. FINANCIAL RISK MANAGEMENT

MeDaVinci's risk management consists of the management of its operations and investments over the long term and the mitigation of the related business risks to the maximum possible extent. Depending on the nature and the relative significance of the risks associated with MeDaVinci's investments the risks are quantified where possible.

The Group is exposed to the following risks in relation to the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk

These notes provide information about MeDaVinci's exposure to each of the abovementioned risks, the objectives, principles and processes used to control and measure these risks and MeDaVinci's management of its capital.

The goal of MeDaVinci's risk policy is to identify the risks faced by MeDaVinci, analyse them, determine appropriate limits and control measures for them and monitor the risks and compliance with the defined limits. Risk management policies and systems are regularly evaluated and adjusted where necessary to changes in market circumstances and MeDaVinci's activities.

(a) Credit Risk

Credit risk is the risk of financial loss to MeDaVinci in cases where the buyer or counterparty to a financial instrument does not respect the contractual commitments made. Credit risks primarily result from loans to investments in associates.

MeDaVinci's exposure to credit risk is primarily determined by the individual characteristics of individual associates and the countries in which they are vested.

If loans are provided to associates, they are assessed in terms of their creditworthiness and where possible a conversion right is exacted. To the extent possible, an assessment is carried out to determine whether the associate can provide sufficient certainty in the form of a security.

(b) 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 loans to associates, 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. If required, a portion of these risks will be hedged with financial instruments, such as forward exchange transactions and currency options. MeDaVinci did not make use of such instruments at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

(b) Treasury policy and financial risk (continued)

The main credit risk is in relation to its loans to associates. This is managed by monitoring the performance of the associates and considering their ability to repay these loans. The maximum exposure to credit risk is the carrying value of the loans.

Categories of financial assets and financial liabilities

	Loans and receivables	
	2009	**2008**
	£000	**£000**
Current financial assets		
Trade and other receivables	-	92
Cash and cash equivalents	117	730
Non-current financial assets		
Loans to investments in associates	411	1,209

	Measured at amortised cost	
	2009	**2008**
	£000	**£000**
Current financial liabilities		
Trade and other payables	247	135

	Available-for-sale financial assets	
	2009	**2008**
	£000	**£000**
Non-current financial assets		
Other financial assets	-	40

	Held for trading	
	2009	**2008**
	£000	**£000**
Non-current financial assets		
Conversion rights	29	195
Warrants	-	314

The terms of the loans granted to associates are illustrated below.

Loans in associates

in £ 000's	**2009**	**2008**
1 - 2 years	-	-
2 - 3 years	496	774
3 - 4 years	-	839
4 - 5 years	-	-
Greater than 5 years	-	-
	496	**1,613**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

All financial liabilities mature for payment within six months of the balance sheet date and there is no material difference between their book and fair values.

(c) Liquidity Risk

The liquidity risk is the risk that MeDaVinci is not able to meet its financial commitments at the required point in time. The basic premise of the liquidity risk management approach is to, as far as possible, maintain sufficient cash and cash equivalents to be able to meet current and future financial commitments, under normal and difficult circumstances, without incurring unacceptable losses or endangering MeDaVinci's reputation in the process. Management have a number of strategies for generating additional cash which include disposing of investments, seeking debt financing and additional equity share issues as appropriate.

MeDaVinci monitors its cash flows on a regular basis. A summary of the Group's cash and cash equivalents is produced on a monthly basis. A yearly cash flow forecast is prepared every 6 months. These reports help ensure that MeDaVinci has access to sufficient liquid assets over the short as well as long term in order to meet its operating and financial commitments. The cash flow reports do not take extreme circumstances into consideration.

(d) Currency Risk

Currency risk is the risk that MeDaVinci's income or the value of assets is adversely affected by fluctuations in exchange rates. The objective of managing currency risk is to maintain this risk within acceptable limits with an optimal return. MeDaVinci's conduct of business exposes the operation and the reported financial results and cash flows to risks due to fluctuating exchange rates.

MeDaVinci's investments in associates and loans to associates are denominated in Hungarian Forints (HUF) and Euros (EUR).

To mitigate the impact of currency exchange rate fluctuations, management continuously assesses its foreign currency exchange rate position. If required, a portion of these risks will be hedged with financial instruments, such as forward exchange transactions and currency options. Management did not consider the need to make use of such instruments during this or the previous financial year.

The key exchange rates during the year under review are as follows:

	At March 31		Average rate	
	2009	**2008**	**2009**	**2008**
EUR	0.93458	0.79240	0.8406	0.70627
HUF	0.00302	0.00309	0.00330	0.00280

Sensitivity analysis:
A 10% increase in the GBP in relation to the above currencies at year end would have increased/(decreased) equity and the operating result by the following amounts. All other variables, in particular the currency exchange rates, are kept constant. A 10% decrease in the GBP in relation to the above currencies would have produced a similar, albeit opposite, result.

	2009		2008	
	Operating result	**Equity**	**Operating result**	**Equity**
EUR	-	5	(9)	125
HUF	-	-	(6)	32

All other financial assets are denominated in sterling.

(e) Interest Rate Risk

Interest rate risk is the risk that MeDaVinci's income or the value of assets is adversely affected by fluctuations in interest rates. The objective of managing interest rate risk is to maintain this risk within acceptable limits with an optimal return. Currently MeDaVinci is not exposed to interest bearing liabilities. Loans granted to associates, where applicable, are subject to fixed interest rates which expose the group to fair value interest rate risk.

There are no material differences between book value (amortised cost) and fair value at both balance sheet dates

An increase or decrease of 100 basis points in the interest rate effective 31 March 2009 and 2008 would not have had a material impact on equity and or operational results.

(f) Management of capital

The directors refer to capital as the Group's net assets and liabilities.

MeDaVinci's policy is focused on maintaining the strong financial position needed to maintain the confidence of investors, creditors and markets and to safeguard the future development of business operations.

MeDaVinci strives to maintain healthy balance sheet ratios, with a solvency target exceeding 50%. This ratio is reviewed on a regular basis at board meetings. No changes were made to MeDaVinci's approach to managing its capital during the year under review.

19. SEGMENT INFORMATION

The board of directors do not receive management reports that analyse the performance or financial position of the group by business segment. The main activity of the group is to invest in international health and wellness companies and consequently the only items in the income statement that are attributable to these activities are the share of losses in the associates, the finance income receivable from loans advanced and the change in fair value of the embedded derivatives separately recognised. All other amounts are unallocated and relate to the operation of the corporate headquarters.

From the perspective of the balance sheet such segment assets would include the carrying value of the investments in associates, loans advanced and the derivatives. All other assets and liabilities are unallocated and relate to the corporate activities undertaken.

The group does not have any external revenues. All revenues are earned by associates and are disclosed in note 2 to the financial statements. Materially all of the non current assets are located in the Netherlands.

Registered No. 5379931

COMPANY BALANCE SHEET
AT 31 MARCH 2009

	Notes	31 March 2009 £'000	31 March 2008 £'000
Fixed assets			
Investment in subsidiaries	2	**742**	3,261
Investment in participating interests	3	**-**	1,027
		742	4,288
Current assets			
Debtors	4	**14**	993
Cash at bank and in hand		**117**	473
		131	1,466
Creditors: amounts falling due within one year	5	**(247)**	(109)
Net current (liabilities)/ assets		**(116)**	1,357
		626	5,645
Capital and reserves			
Called up share capital	6	**736**	736
Share premium reserve	7	**5,305**	5,305
Warrant reserves	7	**-**	278
Profit and loss account	7	**(5,415)**	(674)
Shareholders' funds	8	**626**	5,645

The financial statements were approved and authorised for issue by the board on 28 September 2009 and signed on behalf of the board of directors.

P Foulger
Director

The notes on pages 36 to 40 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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. They have also been prepared in accordance with the Companies Act 1985.

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 2009 is £5,154,000 (31 March 2008: £188,000).

Investments in associates
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.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

2. INVESTMENTS IN SUBSIDIARIES

	31 March 2009 £'000	31 March 2008 £'000
Cost		
At 1 April	**3,261**	1,161
Additions	**-**	-
Capital contribution made	**-**	2,100
At 31 March	**3,261**	3,261
Impairment		
At 1 April	**-**	-
Impairment during the year	**2,519**	-
At 31 March	**2,519**	-
Net book value at 31 March	**742**	3,261

During the previous year the company made a capital contribution of £2,100,000 to MeDaVinci Healthcare Services BV representing the company's interests in Demecal Group BV.

	No. of ordinary shares	% held	Cost £'000	Nature of Business
MeDaVinci Health Care Services BV	18,000	100	3,261	Holding company for investments in innovative technologies for the healthcare sector

The investments in subsidiaries represent the investment in the shares of MeDaVinci Health Care Services BV as shown in the table above. MeDaVinci Health Care Services BV has interests in associated companies that produce innovative technologies for the healthcare sector. An impairment review of the investments in those associated companies has been carried out during the year as detailed in note 3 to the company financial statements. This has resulted in an impairment charge of £2,519k. The net book value of £742k relates to the cost of recoverable investments made by MeDaVinci Health Care Services BV in Emotion Fitness Mag Kft.

3. INVESTMENT IN ASSOCIATES

	31 March 2009 £'000	31 March 2008 £'000
Cost at 1 April	**1,027**	1,027
Additions	-	2,100
Capital contribution to subsidiary company	-	(2,100)
Impairment	**(1,027)**	-
At 31 March	-	1,027

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

3. INVESTMENT IN ASSOCIATES (continued)

During the year, the Directors carried out an impairment review of the Company's investment in MeDaVinci Development BV, which is represented by its interests in associated companies Demecal Europe BV and Emotion Fitness Mag Kft. An impairment review was also carried out with respect to the Company's equity investment in the associate ErgoDynamics Participations BV. These are outlined below;

Demecal Europe BV:
Demecal was originally established to develop technology aimed at analysing blood samples through point-of-care services. Whilst development appeared to be progressing well last year, it become apparent prior to the year end that further substantial cash requirements were needed for the development of the business. The directors undertook a detailed review of the business including technical progress and the likelihood of raising additional funding in a difficult economic environment and concluded that such was the dependency of the future survival of the business of the ability to raise additional cash that the expected future cash flows were £nil. Consequently an impairment loss was recognised in respect of the equity loan to the associate of £40,000, which was originally made through MeDaVinci Development BV.

Unfortunately investment was not forthcoming and as a consequence, as announced on 26 May 2009, Demecal Europe BV was declared bankrupt in the Dutch Courts. The Board is currently awaiting the administrator's report which will show the extent of Demecal's liabilities and assets as well as details of any recoverable value from its intellectual property. The Directors believe that any distribution from the administrator is unlikely. Consequently an impairment loss of £2,519,000 was recognised in respect of the equity investment in MeDaVinci Plc representing the company's equity interest in Demecal Group BV.

Ergodynamics:
Ergodynamics was originally established to develop technology for the treatment and relief of back pain; although the business has now developed and commercialised a product, it is unclear whether this remains a viable venture or whether any return will be made on the Company's investment. It became apparent prior to the year end that further substantial cash requirements were needed for the development of the business. The directors undertook a detailed review of the business including technical progress and the likelihood of raising additional funding in a difficult economic environment and concluded that such was the dependency of the future survival of the business of the ability to raise additional cash that the expected future cash flows were £nil. Consequently an impairment loss of £987,000 was recognised in respect of the equity investment.

During the year, the company made a payment in cash to its wholly owned subsidiary MeDaVinci Healthcare Services BV of £465,000. As at the balance sheet date this cash is not in the subsidiary's bank account and £513,000 is believed to have been invested in ErgoDynamics Participations BV. Due to the change in management in the group it is, at the date of approval of these financial statements, proving difficult to substantiate the exact purpose that the funds were used for. In preparing the financial statements the cash payment has been treated as an additional advance to ErgoDynamics Participations BV which, as discussed earlier, was considered to have been impaired at the balance sheet date.

	No. of Ordinary Shares	% Held	Cost £'000	Nature of Business
MeDaVinci Development BV	25	5	40	Development of innovative products in the medical industry
ErgoDynamics Participations BV	89	49	987	Holding company for investment in ErgoDynamics Applications BV

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

The company's share of ErgoDynamics Participations BV results (after tax and minorities) and equity are as follows:

	2009 £'000	2008 £'000
Result for the year	-	(105)
Net assets	-	(81)

4. DEBTORS

	2009 £'000	2008 £'000
Amounts due from group undertakings	-	979
Other debtors and prepayment	14	14
	14	993

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors and accruals	247	109
	247	109

6. SHARE CAPITAL

	2009 Numbers ('000)	2008 Numbers ('000)
Ordinary shares of 0.1p each		
Authorised	500,000	100,000
Issued		
At beginning of year	73,600	41,188
Issued in year	-	32,412
At end of year	73,600	73,600

On 8 July 2009 the company issued 421,540,000 shares of 0.1 pence each. The total cash consideration received amounted to £421,540.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

7. RESERVES

	Share warrant Reserve £'000	Share premium £'000	Profit & loss account £'000
As at 1 April 2008	278	5,305	(674)
Loss for the year	-	-	(5,154)
Reserve transfer	(278)		278
Exchange rate movement	-	-	135
On issue of shares	-	-	-
As at 31 March 2009	**-**	**5,305**	**(5,415)**

The amount previously shown as a share warrant reserve was in actual fact the credit entry relating to the share based payment expense recognised on their issue to the directors. It has been re-classified to retained earnings in the current year.

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2009 £'000	31 March 2008 £'000
Loss for the year	(5,019)	(188)
On issue of shares	-	3,059
	(5,019)	2,871
Opening shareholders' funds	5,645	2,774
Closing shareholders' funds	626	5,645

9. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption which is conferred by Financial Reporting Standard No. 8, Related Party Disclosures, which allows it not to disclose transactions with other Group undertakings that are 90% or more owned by the Group.

During the year £5,875 (2008: £11,750) 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 £nil.

A further £3,169 (2008: £nil) was paid to Hansard Communications Limited for the services of a director, a company in which Mr Reynolds is a director. The amount outstanding at the balance sheet date was £3,169.

A further £4,792 (2008: £nil) was paid to Diablo Consulting Limited for the services of a director, a company in which Mr Reynolds is a director. The amount outstanding at the balance sheet date was £4,792.

The company has made loans to associates. Details of these loans, including the movements in the year are outlined in note 3 to the company financial statements.

10. ULTIMATE CONTROLLING PARTY

MeDaVinci plc is incorporated and regulated in England and Wales and heads the largest group for which consolidated financial statements are prepared.

MEDAVINCI PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Medavinci Plc will be held at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP on 29 October 2009 at 11:00 a.m. for the following purposes:

1. To receive and adopt the statement of accounts for the year ended 31 March 2009 together with the reports of the directors and the auditors thereon.
2. To re-elect Glyn Vincent Hirsch, who retires by rotation, as a director.
3. To elect Paul Andrew Peter Foulger, who was appointed since the last Annual General Meeting, as a director.
4. To re-elect Adam Reynolds, in accordance with the articles of association of the Company, as a director.
5. To re-appoint Messrs BDO LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which the requirements of section 437 of the Companies Act 2006 ("the Act") are complied with and to authorise the directors of the Company to fix their remuneration.

To consider, and if thought fit, pass the following resolutions of which resolutions 6 will be proposed as an ordinary resolution and resolutions 7 and 8 as special resolutions:

ORDINARY RESOLUTION

6. That the directors be generally and unconditionally authorised in accordance with section 551 of the Act to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £1,921,230 equating to approximately 50 per cent of the authorised but unissued ordinary share capital of the Company immediately following the passing of this resolution, provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the conclusion of the next annual general meeting of the Company, save that the Company may at any time before such expiry

make an offer or agreement which might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority hereby conferred had not expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act.

SPECIAL RESOLUTIONS

7. That the directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 6 above (as varied from time to time by the Company in general meeting) PROVIDED THAT such power shall be limited to:

   a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise; and

   b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £1,921,230 equating to approximately 50 percent of the authorised but unissued ordinary share capital of the Company

   and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to section 95 of the Companies Act 1985 or section 570 of the Act and shall expire on of the conclusion of the next annual general meeting of the Company (unless renewed varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution has expired.

8. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 0.1p each in the capital of the Company ("**Ordinary Shares**") provided that:

    a) the maximum number of Ordinary Shares authorised to be purchased is 74,270,970 equating to approximately 15 per cent. of the ordinary share capital of the Company immediately following the passing of this resolution;

    b) the minimum price which may be paid for an Ordinary Share is 0.1p;

    c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle-market prices shown in the quotation for an Ordinary Share as derived from the Stock Exchange Alternative Trading Service of the London Stock Exchange for the 10 business days immediately preceding the day on which the Ordinary Share is purchased;

    d) the authority hereby conferred shall expire on the earlier of the date falling fifteen months after this annual general meeting or the conclusion of the next annual general meeting; and

    e) the Company may make a contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such contract.

Registered Office
14 Kinnerton Place South
London
SW1X 8EH

By Order of the Board
Paul Foulger

Company Secretary

28 September 2009

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 11 a.m. on 27 of October 2009 shall be entitled to attend and vote at the Meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy

form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars at the address set out in note 5(b).

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   (a) completed and signed;

   (b) sent or delivered to Capita Registrars at Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and

   (c) received by Capita Registrars no later than at 11:00 am on 27 of October 2009.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

7. Members who have general queries about the Meeting should call Paul Foulger on 020 7245 1100.

8. You may not use any electronic address to communicate with the Company for any purposes.

9. As at 5.00pm on the day immediately prior to the date of posting of this notice of Annual General Meeting, the Company's issued ordinary share capital comprised 495,139,817 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5:00 p.m. on the day immediately prior to the date of posting of this notice of Annual General Meeting is 495,139,817.

MEDAVINCI PLC

(the "**Company**")

FORM OF PROXY

For use at the Annual General Meeting of the Company to be held at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP on 29 October 2009 at 11:00 a.m.

I/We (name(s) in full)

....

(BLOCK LETTERS)

of (address)

....

....

....

being (a) holder(s) of shares in the Company hereby appoint

(*add the name of the proxy you wish to appoint here – see Note 3*)

or failing him, the Chairman of the meeting, as my/our proxy to attend and, on a poll or on a show of hands, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 a.m. on 29 October 2009, and at every adjournment thereof.

I/We direct the proxy to vote in respect of the resolution to be proposed as shown below.

Resolutions	**FOR**	**AGAINST**	**VOTE WITHELD**
1. Ordinary resolution to receive and adopt the Accounts for the year ended 31 March 2009 together with the reports of the directors and auditors thereon.			
2. Ordinary resolution to re-elect Glyn Vincent Hirsch, as a director of the Company.			
3. Ordinary resolution to elect Paul Andrew Peter Foulger, as a director of the Company.			
4. Ordinary resolution to elect Adam Reynolds,			

as a director of the Company.			
5. Ordinary resolution to re-appoint Messrs BDO LLP as auditors and to authorise the directors of the Company to fix their remuneration.			
6. Ordinary Resolution to authorise the directors to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company pursuant to Section 551 of the Companies Act 2006 ("the **Act**").			
7. Special Resolution to disapply the pre-emption provision of Section 570 of the Act.			
8. Special Resolution that the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693 of the Act).			

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no specific direction is given the proxy will vote or abstain at his discretion.

Dated:

....

Signature(s) or Common Seal:

....

(see Notes 7 and 8)

....

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars at the address at note 6 below.

5. To direct your proxy how to vote on the resolution mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To appoint a proxy using this form, the form must be:

   - completed and signed;
   - sent or delivered to Capita Registrars at Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
   - received by Capita Registrars Limited no later than 11.00 a.m. on 27 October 2009.

7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members.

10. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars Limited at the address at note 6 above.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Registrars Limited no later than 11.00 a.m. on 27 October 2009.