

Company No: 05706308

SGS LABORATORIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

For the year ended 28 February 2009

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COMPANIES HOUSE

DIRECTORS**Name**

Lucy Camilla Siddiqi
Igor Alexandre Semikhodski

SECRETARY AND REGISTERED OFFICE

Igor A. Semikhodski
7 Pine Walk
Cobham
Surrey
KT11 2HJ

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 28 February 2009.

Principal Activities

SGS Laboratories Limited was incorporated on 13 February 2006 as a private limited liability company and commenced trading on the same date. The principal activity of the company is provision of the DNA testing services for medical diagnostic purposes.

Review of Results and Performance

The company made no sales during the year. The loss of the company arising as a result of expenditure incurred in the year amounted to £91,681 (2008: loss £35,216). The directors do not recommend payment of a dividend, and accordingly the amount of the loss has been charged to reserves.

During the year the company continued developing the methodology for high throughput multiplex testing for presence of microorganisms in a biological sample using nucleic acid based enzymatic techniques. The company filed a lawsuit in the High Court of Justice Chancery Division against one of its directors, Simon Green, and certain other defendants (see note 10 to the financial statements) to recover the rights to patent applications and other assets of the company which it believes were unlawfully diverted by Simon Green to another company, also a defendant in the litigation.

In the coming year, the company will continue pursuing the defendants for recovery of assets, including the rights to certain patent applications. Where possible, the company will continue the development of medical diagnostic products which utilise the patented methodology. The directors are confident of a successful outcome of the litigation and envisage that a successful commercial application of the patent can be achieved within two to three years.

Directors

The following directors have held the office during the year:

1. Igor Alexandre Semikhodski was appointed on incorporation and served throughout the year.
2. Lucy Camilla Siddiqi was appointed on 16 November 2007 and served throughout the year.

The interests of directors in the ordinary share capital of the company remained unchanged throughout the year and were as follows:

Name of Director	Ordinary Shares Of 10p Each	% of Issued Shares Capital
Igor Alexandre Semikhodski	100 ⁽¹⁾	50% ⁽¹⁾
Lucy Camilla Siddiqi	- ⁽²⁾	- ⁽²⁾

⁽¹⁾ 50% of Igor Semikhodski's holding (i.e. 50 ordinary shares of 10p each) is held by him in trust for Andrei Semikhodski, a related party (see Note 7 to the Financial Statements).

⁽²⁾ Lucy Siddiqi has an interest in the ordinary shares of the company by means of a trust created in relation to the shareholding of Simon Green, a former director. 50% of shares owned by Simon Green, or 50 ordinary shares of 10p each, are held by him in joint trust for Tariq and Lucy Siddiqi (see Note 11 to the Financial Statements).

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of Directors



Igor Semikhodski
Secretary

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2009**

	<u>Notes</u>	<u>Year ended 28/02/2009</u> £	<u>Year ended 29/02/2008</u> £
Administrative expenses	2	<u>(91,683)</u>	<u>(35,216)</u>
Operating loss		(91,683)	(35,216)
Interest receivable and similar income	3	<u>2</u>	<u>-</u>
Loss on ordinary activities before taxation		(91,681)	(35,216)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the year		<u>(91,681)</u>	<u>(35,216)</u>

The profit and loss account has been prepared on the basis that all operations are continuing.

There are no recognised gains or losses other than those recorded in the profit and loss account.

BALANCE SHEET AS AT 28 FEBRUARY 2009

	Notes	As at 28/02/2009		As at 29/02/2008	
		£	£	£	£
Fixes assets					
Tangible assets	5		938		-
Current assets					
Debtors	6	387		6,273	
Cash at bank and in hand		32		-	
		419		6,273	
Creditors: amounts falling due within one year	7	(48,047)		(15,032)	
Net current liabilities			(47,628)		(8,759)
Creditors: amounts falling due after more than one year	8		(87,918)		(34,168)
Net Liabilities			<u>(134,608)</u>		<u>(42,927)</u>
Capital and Reserves					
Called up share capital	9		20		20
Profit and loss account	10		(134,628)		(42,947)
Shareholders' Funds			<u>(134,608)</u>		<u>(42,927)</u>

For the year ended 28 February 2009 the company was entitled to the exemption from audit under Section 249A(1) of the Companies Act 1985. No notice has been deposited under Section 249B(2) of the Act requiring the company to obtain an audit of its accounts. The directors acknowledge their responsibility for ensuring that the company keeps proper accounting records in accordance with Section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with Section 226 of the Act, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with Financial Reporting Standard for Smaller Entities (effective January 2007).

The Financial Statements were approved by Directors on 15th December 2009.

Lucy Camilla Siddiqi
Director



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009**

1. Principal Accounting Policies**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

(b) Turnover

Turnover represents amounts, net of Value Added Tax, invoiced during the year in respect of services provided to customers in the United Kingdom and abroad.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Computer Equipment – 33% straight line method

2. Administrative Expenses

	Year ended 28/02/2009 £	Year ended 29/02/2008 £
Professional fees	86,559	33,456
Other administrative expenses	5,124	1,760
Administrative expenses	<u>91,683</u>	<u>35,216</u>

3. Interest Receivable and Similar Income

	Year ended 28/02/2009 £	Year ended 29/02/2008 £
Bank interest	<u>2</u>	<u>-</u>

4. Tax on Profit on Ordinary Activities

No UK Corporation Tax is payable due to a trading loss incurred in the year (2008: £nil).

5. Tangible Fixed Assets**Computer
Equipment
£****Cost**

At 1 March 2008

-

Additions

1,406

At 28 February 2009

1,406**Accumulated Depreciation**

At 1 March 2008

-

Charge for the year

(469)

At 28 February 2009

(469)**Net Book Value**

At 1 March 2008

-

At 28 February 2009

938**6. Debtors****As at
28/02/2009
£****As at
29/02/2008
£**

Other debtors

3876,273**7. Creditors: Amounts Due Within One Year****As at
28/02/2009
£****As at
29/02/2008
£**

Trade creditors

47,932

15,032

Accruals

115

-

48,04715,032**8. Creditors: Amounts Due After One Year****As at
28/02/2009
£****As at
29/02/2008
£**

Unsecured loans

87,91834,168

The loans have arisen as a result of funding of company's expenditure by a shareholder and other related parties (see Note 11). No interest is charged on the loans, which are all unsecured and repayable when the company's resources permit.

9. Share Capital

	As at 28/02/2009 £	As at 29/02/2008 £
Authorised 100,000 ordinary shares of 10p each	<u>10,000</u>	<u>10,000</u>
Issued, Called Up and Fully Paid 200 ordinary shares of 10p each	<u>20</u>	<u>20</u>

10. Profit and Loss Account

	As at 28/02/2009 £	As at 29/02/2008 £
At the beginning of the year	(42,947)	(7,731)
Loss for the year	<u>(91,681)</u>	<u>(35,216)</u>
At the end of the year	<u>(134,628)</u>	<u>(42,947)</u>

11. Ultimate Control and Related Parties

The ultimate control of the company rests with four related parties, namely:

1. Tariq Siddiqi and Lucy Siddiqi
2. Igor Semikhodski
3. Simon Green
4. Andrei Semikhodskii

The aforementioned four parties are joint founders of the company and for practical purposes agreed to exercise the control over the company and the patent referred to in the Review of Results and Performance (see Report of the Directors above) by means of the following structure:

1. The ordinary share capital of the company has been issued in equal parts to Igor Semikhodski and Simon Green. Igor Semikhodski holds 50% of his shareholding in trust for Andrei Semikhodskii. Simon Green holds 50% of his shareholding in trust for Tariq Siddiqi and Lucy Siddiqi.
2. The patent applications have been made in the names of Andrei Semikhodskii and Simon Green. Andrei Semikhodskii holds 50% of his interest in the patents that may be granted as a result of these applications in trust for Igor Semikhodski. Simon Green holds 50% of his interest in the patents in trust for Tariq Siddiqi and Lucy Siddiqi.

10. Litigation

In 2007, the company issued legal proceedings against one of its directors, Simon Green, and certain other defendants (see below). The circumstances giving rise to these proceedings were as follows.

The company, represented by its director, Simon Green, negotiated the investment agreement with SSL International plc ("SSL") whereby the company agreed to sell to SSL for £1.5 million new shares representing 15% in the share capital of the company post issue of these new shares. However, prior to signing of the investment agreement with SSL, Simon Green, acting without authorisation from the company's shareholders, proceeded with incorporation of a new company, Stirus Global Solutions Limited (UK registration no. 06031246), and diverting certain assets of the company, including the patent applications and the benefit of the negotiated investment agreement, to Stirus Global Solutions Ltd.

The particulars of claim were filed in the High Court of Justice Chancery Division on 31 October 2007. The claimants are the company, Igor Semikhodski, Tariq Siddiqi and Lucy Siddiqi. The defendants are Simon Green, Andrei Semikhodskii, Stirus Global Solutions Ltd, Jonathan Wall, Alan Edwards, Scott Dougan and the trustees of Scott Dougan Trust, and S&A Trust. At the time of approval of these financial statements the litigation was ongoing. The directors are confident of a successful outcome of this litigation.

12. Related Party Transactions

There were no related party transactions other than as described in Note 8 above.