

Tissuemed Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2010

Registration number: 1902503

Tissuemed Limited
Contents

Company Information	1
Directors' report	2 to 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 11

Tissuemed Limited
Company Information

Chairman	Paul L. Banner
Directors	Paul L. Banner Nicholas P. Woods David J. Mandley David W. Hobdey Jeremy D. Sampson
Secretary	Judith Whitworth
Registered office	5 Killingbeck Drive Leeds LS14 6UF
Bankers	Royal Bank of Scotland Leeds 27 Park Row Leeds LS1 5QB
Auditors	RSM Tenon Audit Limited Statutory Auditor 2 Wellington Place Leeds LS1 4AP

Tissuemed Limited

Directors' Report for the Year Ended 31 March 2010

The directors present their report and the audited financial statements for the year ended 31 March 2010.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is the development and sale of bioprosthetic medical devices aimed at cardiovascular and other significant areas of surgery.

Directors

The directors who held office during the year were as follows:

- Paul L. Banner
- Nicholas P. Woods
- David J. Mandley
- David W. Hobdey
- Jeremy D. Sampson

Auditors

The audit business of RSM Bentley Jennison, who had previously been appointed as the company's auditors has merged with that of RSM Tenon Audit Limited who succeeded to the office of auditors to the company. The audit report on the financial statements has therefore been issued by the successor firm, RSM Tenon Audit Limited.

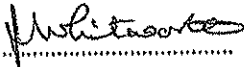
Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Tissuemed Limited
Directors' Report for the Year Ended 31 March 2010

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Approved by the Board and signed on its behalf by:


.....

Judith Whitworth
Company Secretary

Date: *15th July 2010*

Independent Auditors' Report to the Members of Tissuemed Limited (Registration number: 1902503)

We have audited the financial statements of Tissuemed Limited for the year ended 31 March 2010, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

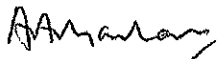
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime.



Angus Marshall
Senior Statutory Auditor

for and on behalf of:
RSM Tenon Audit Limited
Statutory Auditor

Date: 26/07/10

2 Wellington Place
Leeds
LS1 4AP

Tissuemed Limited
Profit and Loss Account for the Year Ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	668,207	309,320
Cost of sales		(128,842)	(122,826)
Gross profit		<u>539,365</u>	<u>186,494</u>
Administrative expenses		(1,261,632)	(1,483,000)
Other operating income		20,000	-
Operating loss	3	<u>(702,267)</u>	<u>(1,296,506)</u>
Other interest receivable and similar income		2,123	43,061
Loss on ordinary activities before taxation		<u>(700,144)</u>	<u>(1,253,445)</u>
Tax on loss on ordinary activities	5	104,703	117,074
Loss for the financial year	10	<u><u>(595,441)</u></u>	<u><u>(1,136,371)</u></u>

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


Tissuemed Limited (Registration number: 1902503)

Balance Sheet as at 31 March 2010

		2010		2009	
	Note	£	£	£	£
Fixed assets					
Tangible assets	6		91,544		117,959
Current assets					
Stocks		71,950		41,977	
Debtors	7	216,591		340,500	
Cash at bank and in hand		424,382		1,027,882	
		<u>712,923</u>		<u>1,410,359</u>	
Creditors: Amounts falling due within one year	8	<u>(156,093)</u>		<u>(284,503)</u>	
Net current assets			<u>556,830</u>		<u>1,125,856</u>
Net assets			<u>648,374</u>		<u>1,243,815</u>
Capital and reserves					
Called up share capital	9		10,957,411		10,957,411
Share premium reserve	10		5,682,752		5,682,752
Profit and loss account	10		<u>(15,991,789)</u>		<u>(15,396,348)</u>
Shareholders' funds			<u>648,374</u>		<u>1,243,815</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board on 21/7/10 and signed on its behalf by:



Nicholas P. Woods
Director

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2010

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The principal accounting policies are set out below.

Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	20% straight line basis
Fixtures and fittings	20% - 33.33% straight line basis

Research and development expenditure

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year. 81.40% of the company's turnover related to exports (2009 - 90.06%).

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2010

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3 Operating loss

Operating loss is stated after charging/(crediting):

	2010	2009
	£	£
The audit of the company's annual accounts	6,250	4,000
Foreign currency losses/(gains)	7,879	(10,205)
Loss on sale of fixed assets	880	-
Depreciation of tangible fixed assets	<u>36,794</u>	<u>35,176</u>

4 Directors' remuneration

The directors' remuneration for the year are as follows:

	2010	2009
	£	£
Directors' remuneration (including benefits in kind)	210,985	356,383
Directors' pension contributions	<u>2,651</u>	<u>7,831</u>
	<u>213,636</u>	<u>364,214</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows:

	2010	2009
	No.	No.
Money purchase	<u>1</u>	<u>1</u>

5 Taxation

Analysis of current period tax credit

	2010	2009
	£	£
Current tax		
Corporation tax credit	(104,703)	(122,547)
(Over)/under provision in previous year	-	5,473
UK Corporation tax	<u>(104,703)</u>	<u>(117,074)</u>

The company has tax losses available to carry forward of approximately £12,500,000.

The credit in the accounts relates to an R&D tax credit receivable.

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2010

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6 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
As at 1 April 2009	363,239	252,918	616,157
Additions	3,097	8,662	11,759
Disposals	(2,070)	-	(2,070)
As at 31 March 2010	<u>364,266</u>	<u>261,580</u>	<u>625,846</u>
Depreciation			
As at 1 April 2009	269,512	228,686	498,198
Eliminated on disposals	(690)	-	(690)
Charge for the year	25,774	11,020	36,794
As at 31 March 2010	<u>294,596</u>	<u>239,706</u>	<u>534,302</u>
Net book value			
As at 31 March 2010	<u>69,670</u>	<u>21,874</u>	<u>91,544</u>
As at 31 March 2009	<u>93,727</u>	<u>24,232</u>	<u>117,959</u>

7 Debtors

	2010 £	2009 £
Trade debtors	72,070	66,645
Corporation tax recoverable	104,703	122,547
VAT recoverable	8,537	12,697
Prepayments and accrued income	31,281	138,611
	<u>216,591</u>	<u>340,500</u>

8 Creditors: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	52,216	162,446
Social security and other taxes	9,460	17,994
Other creditors	1,752	16,430
Accruals and deferred income	92,665	87,633
	<u>156,093</u>	<u>284,503</u>

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2010

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9 Share capital

Authorised

Equity	2010 £	2009 £
54,000,000 Ordinary shares of 1 pence each	540,000	540,000
1,200,000 Ordinary shares of 50 pence each	600,000	600,000
43,440,000 Ordinary shares of 25 pence each	10,860,000	10,860,000
750,000,000 Ordinary shares of 0.5 pence each	3,750,000	3,750,000
	<u>15,750,000</u>	<u>15,750,000</u>

Allotted, called up and fully paid

Equity	2010 £	2009 £
5,003,137 Ordinary shares of 1 pence each	50,031	50,031
911,460 Ordinary shares of 50 pence each	455,730	455,730
36,296,599 Ordinary shares of 25 pence each	9,074,150	9,074,150
275,499,999 Ordinary shares of 0.5 pence each	1,377,500	1,377,500
	<u>10,957,411</u>	<u>10,957,411</u>

All classes of ordinary shares are ranked *pari passu*.

Paul L. Banner has options to acquire 994,681 ordinary shares of 0.5 pence each at an exercise price of 4.5 pence per share.

David J Mandley has options to acquire 642,800 ordinary shares of 0.5 pence each at an exercise price of 2.0 pence per share.

10 Reserves

	Share premium reserve £	Profit and loss account £	Total £
Balance at 1 April 2009	5,682,752	(15,396,348)	(9,713,596)
Transfer from profit and loss account for the year	-	(595,441)	(595,441)
Balance at 31 March 2010	<u>5,682,752</u>	<u>(15,991,789)</u>	<u>(10,309,037)</u>

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2010

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11 Operating lease commitments

As at 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Within one year	62,900	-	4,025	-
Within two to five years	-	62,900	10,559	14,584
	<u>62,900</u>	<u>62,900</u>	<u>14,584</u>	<u>14,584</u>

12 Related parties

Controlling entity

The company is not controlled by any one person.

13 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £29,098 (2009 - £31,258).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

14 Post balance sheet events

On 23 April 2010 Medtronic Inc a company incorporated in the USA acquired 66,666,667 0.05p shares for 4.5p per share (total subscription: £3,000,000).