

Signed

InRotis Technologies Limited

Directors' report and financial
statements

Registered number 04304473

31 July 2007

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Directors' report

The directors present their directors' report and financial statements for the period from 1 February to 31 July 2007.

Principal activities

The principal activity of the Company is drug discovery development.

Business review

InRotis continues to operate the drug discovery application of patented network analysis technology through 100% owned subsidiary E-Therapeutics. The Search Engine application has commenced trading and construction of the Search Engine has commenced. A DTI grant in support of this has been successfully secured and the development is expected to accelerate as a result. The patent applications for the network analysis are expected to be granted shortly in certain jurisdictions starting with the European patent application.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

Malcolm Young
Johnny Cordiner
Dr Royston Drucker

The directors who held office at the end of the financial year had the following interests in the shares of the Company, according to the register of directors' interests:

	Interest at end of year	Interest at start of period
Malcolm Young	733,825	727,400
Johnny Cordiner	12,600	12,600
Dr Royston Drucker	-	-

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the Company. The interests of those directors in the shares of other group undertakings are disclosed in the financial statements of Northern Bear Plc.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the parent Company were granted to any of the directors or immediate families, or exercised by them, during the financial year, except as indicated below:

	No of options granted	No of options sold	No of options gifted	No of options exercised
Malcolm Young	107,500	(48,375)	(12,700)	(46,525)
Johnny Cordiner	-	-	12,700	-
Dr Royston Drucker	23,200	-	-	-

Directors' report *(continued)*

Directors and directors' interests *(continued)*

All the directors benefited from qualifying third party indemnity provisions.

By order of the board



Malcolm Young
Director

Block B
Holland Park
Holland Drive
Newcastle upon Tyne
NE2 4LZ

18 September 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 its financial statements comply with the Companies Act 1985. 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.

Profit and Loss Account
for the period to 31 July 2007

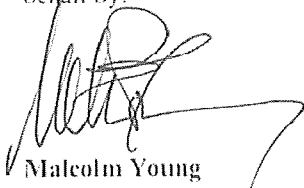
	<i>Note</i>	6 months ended 31 July 2007 £	Year ended 31 January 2007 £
Administrative expenses	2	(72,729)	-
Loss on ordinary activities before taxation	2-3	(72,729)	-
Tax on loss on ordinary activities	4	-	-
Loss for the financial period		(72,729)	-

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance Sheet
at 31 July 2007

	<i>Note</i>	6 months ended		Year ended	
		31 July 2007		31 January 2007	
		£	£	£	£
Fixed assets					
Intangible assets	5		51,657		46,764
Tangible assets	6		92,354		27,395
			<hr/>		<hr/>
			144,011		74,159
Current assets					
Debtors (including £3,315,701 (January 2007 £872,183) due after more than one year)	7	3,524,255		872,183	
			<hr/>		<hr/>
Net current assets			3,524,255		1,962,793
			<hr/>		<hr/>
Net assets			3,686,266		2,036,952
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	8		175		153
Share premium	9		3,758,820		2,036,799
Profit and loss account	9		(72,729)		-
			<hr/>		<hr/>
Shareholders' funds			3,686,266		2,036,952
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 18 September 2007 and were signed on its behalf by:



Malcolm Young
 Director

Reconciliation of Movements in Shareholders' Funds
for the period to 31 July 2007

	6 months ended 31 July 2007 £	Year ended 31 January 2007 £
Loss for the financial period	(72,729)	-
Retained loss	(72,729)	-
New share capital subscribed (net of issue costs)	1,722,043	1,100,000
Net reduction in shareholders' funds	1,649,314	1,100,000
Opening shareholders' funds	2,036,952	936,952
Closing shareholders' funds	3,686,266	2,036,952

Notes

(forming part of the financial statements)

I Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Intangible fixed assets and amortisation

Patents created by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of 20 years.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	15 years
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Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company (continued)

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Notes to the profit and loss account

	2008	2007
	£	£
<i>Auditors' remuneration:</i>		
Audit of these financial statements	-	-

3 Directors' remuneration

No remuneration was payable to any of the directors.

Directors' rights to subscribe for shares in or debentures of the company and its subsidiaries are indicated below:

	Number of options At start of year £	At end of year £	Exercise price £/p
Malcolm Young	107,500	-	4.88
Johnny Cordiner	-	12,700	4.88
Dr Royston Drucker	23,200	23,200	3.91

Notes (continued)

4 Taxation

No tax charge arises on the loss for the period.

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	6 months ended 31 July 2007 £	Year ended 31 January 2007 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(72,729)	-
Current tax at 30%	(21,819)	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	21,819	-
Total current tax charge (see above)	-	-

5 Intangible fixed assets

	Patents £
<i>Cost</i>	
At beginning of period	46,764
Additions	4,893
At end of period	51,657
<i>Amortisation</i>	
At beginning of period	-
Charged in period	-
At end of period	-
<i>Net book value</i>	
At 31 July 2007	51,657
At 31 January 2007	46,764

Amortisation has not been charged on the patents as the assets have not yet been brought into use.

Notes (continued)

6 Tangible fixed assets

	Plant and machinery
	£
<i>Cost</i>	
At beginning of period	27,395
Additions	64,959
	<hr/>
At end of period	92,354
	<hr/>
<i>Depreciation</i>	
At beginning of period	-
Charge for period	-
	<hr/>
At end of period	-
	<hr/>
<i>Net book value</i>	
At 31 July 2007	92,354
	<hr/>
At 31 January 2007	27,395
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Depreciation has not been charged on plant and machinery during the period as the assets have not yet been brought into use.

7 Debtors

	6 months ended 31 July 2007	Year ended 31 January 2007
	£	£
Amounts owed by undertaking in which the Company has a participating interest	3,315,701	1,962,793
Other debtors	226,554	-
	<hr/>	<hr/>
	3,542,255	1,962,793
	<hr/>	<hr/>

Notes (continued)

8 Called up share capital

	6 months ended 31 July 2007 £	Year ended 31 January 2006 £
<i>Authorised</i>		
Ordinary shares of £0.01 each	100,000,000	100,000,000
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<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.01 each	175	153
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Shares classified in shareholder's funds	175	153
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On 5 April 2007 each of the existing 100,000,000 ordinary shares of 1p each in the capital of the company (whether issued or unissued) were subdivided and converted into 100 ordinary shares of 0.01p each.

During the period the Company issued 2,200 £0.01 ordinary shares for a consideration of £1,722,284 this balance forms part of the year end inter-group debt.

9 Reserves

	Share premium £	Profit and loss account £
At beginning of period	936,827	-
Premium on shares issued, less expenses	2,821,993	-
Loss for the period	-	(72,729)
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At end of period	3,758,820	(72,729)
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