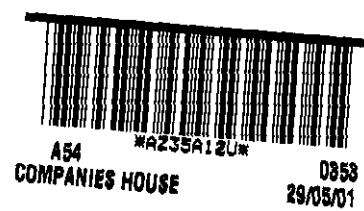


Octopus Ventures Limited

Report and Accounts
31 December 2000



OCTOPUS VENTURES LIMITEDDirectors

Zahid Ali
Christopher R Hulatt
Guy B Myles
Simon A Rogerson

Secretary

Christopher R Hulatt

Auditors

Rees Pollock
7 Pilgrim Street
London
EC4V 6DR

Bankers

HSBC plc
31 Holborn
London
EC1N 2HR

Solicitors

Denton Wilde Sapte
One Fleet Street
London
EC3M 7WS

Registered Office

1st Floor
14 Dover Street
London
W1S 4LW

Company number

3974202

OCTOPUS VENTURES LIMITEDDIRECTORS' REPORT

The directors submit their report and accounts for the period from incorporation on 17 April 2000 to 31 December 2000.

Results and Dividends

The loss for the period, after taxation, amounted to £165,979.

The directors do not recommend the payment of a dividend.

Business review

The company was incorporated on 17 April 2000.

The company's principal activity during the period was investment in technology and biotechnology companies.

Directors and their interests

The directors of the company who served during the period were as follows:

Zahid Ali	(appointed 9 May 2000)
Christopher R Hulatt	(appointed 9 May 2000)
Guy B Myles	(appointed 9 May 2000)
Simon A Rogerson	(appointed 9 May 2000)
DWS Directors Limited	(appointed at incorporation, resigned 9 May 2000)

None of the directors had any interest in the share capital of the company at the period end. Their interest in the share capital of the parent undertaking is shown in that company's accounts.

Directors' responsibilities

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 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

OCTOPUS VENTURES LIMITEDDIRECTORS' REPORT

(continued)

Auditors

Rees Pollock were appointed as first auditors. They have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be submitted at the next Annual General Meeting.

ON BEHALF OF THE BOARD



C R HULATT
Director

16th May, 2001

**REES POLLOCK***Chartered Accountants*

7 Pilgrim Street
London EC4V 6DR
Telephone 020 7329 6404
Fax 020 7329 6408

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS
OF OCTOPUS VENTURES LIMITED**

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at December 31, 2000 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, which would have applied had the accounts been prepared for a financial year of the company.

Rees Pollock
Chartered Accountants
Registered Auditor

16 May, 2001

OCTOPUS VENTURES LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2000

	Note	Period ended 31 December 2000 £
Turnover	2	-
Cost of sales		-

Gross profit		-
Administration expenses		(165,979)

Loss on ordinary activities before taxation	3	(165,979)
Taxation	5	-

Retained loss for the period		£(165,979)
		=====

There were no recognised gains or losses in the period other than as shown above.

The notes on pages 7 to 9 form part of these accounts

OCTOPUS VENTURES LIMITEDBALANCE SHEET AT 31 DECEMBER 2000

	Notes	£	2000 £
Fixed assets			
Investments	6		954,605
Current assets			
Debtors	7	17,354	
Investments	8	125,500	

		142,854	
Creditors: amounts falling due within one year	9	(1,263,437)	

Net current liabilities			(1,120,583)

Total assets less current liabilities			£(165,978)
			=====
Capital and reserves:			
Called up share capital	10		1
Profit and loss account	11		(165,979)

Equity shareholders' funds			£(165,978)
			=====



S A ROGERSON
Director

16 / 05 / 2001

OCTOPUS VENTURES LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 20001. Accounting PoliciesAccounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Investments

Investments are stated at cost less any provision for permanent diminution of value.

2. Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities.

3. Operating loss

2000
£

This is stated after charging:

Auditors remuneration – audit	2,500
Hire of other assets – operating leases	2,481
	=====

4. Staff costs

2000
£

Wages and salaries	85,416
Social security costs	8,107

	93,523
	=====

Included in the above is an amount of £83,333 paid to directors of the company.

The monthly average number of employees (including directors) during the period was 4.

OCTOPUS VENTURES LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 2000

(continued)

5. Tax on profit on ordinary activities

There is no charge to corporation tax due to the loss incurred in the period.

6. Fixed asset investments £

Additions	954,605
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Cost at 31 December 2000	£954,605
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7. Debtors 2000
£

Prepayments	£17,354
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8. Current asset investments 2000
£

Listed investments	£125,500
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9. Creditors: amounts falling due in less than one year2000
£

Amounts owed to parent undertaking	1,260,937
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Accruals	2,500
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	£1,263,437
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OCTOPUS VENTURES LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 2000

(continued)

10. Share capital

	Authorised 2000 No.	Allotted and called up 2000 £
Ordinary shares of £1 each	100	1
	=====	=====

The company was incorporated on 17 April 2000 with an authorised share capital of 100 shares of £1 each. On this date one share was issued for cash at par.

11. Reconciliation of movements in shareholders funds

	Share Capital £	Profit and Loss Account £	Total £
Shares issued on incorporation	1	-	1
Loss for the period	-	(165,979)	(165,979)
	-----	-----	-----
At 31 December 2000	£1	£(165,979)	£(165,978)
	=====	=====	=====

12. Ultimate parent company

The ultimate parent undertaking of the company is Octopus Capital plc, a company incorporated in the UK. This party controls 100% of the issued share capital of the company.

Copies of group accounts can be obtained from The Secretary, Octopus Capital plc, 14 Dover Street, London W1S 3LW.

13. Capital commitments

At 31 December 2000, the company was obliged to make a payment of £415,000 in respect of one of its investments. This amount has been paid since the balance sheet date.