

3974202



# **Octopus Ventures Limited**

Report and Accounts  
*30 April 2006*



**Rees Pollock**  
**Chartered Accountants**

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OFFICERS AND PROFESSIONAL ADVISERS

<b>The Board of Directors</b>	C R Hulatt G B Myles S A Rogerson
<b>Company Secretary</b>	C R Hulatt
<b>Registered Office</b>	8 Angel Court London EC2R 7HP
<b>Auditor</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	HSBC plc 31 Holborn London EC1N 2HR
<b>Solicitors</b>	Denton Wilde Sapte One Fleet Place London EC4M 7WS
<b>Registered Number</b>	3974202

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DIRECTORS' REPORT

The directors present their report and the accounts of the company for the period from 1 January 2005 to 30 April 2006.

**Principal activities and business review**

The principal activity of the company during the year was investment in technology and biotechnology companies.

**Results and dividends**

The trading results for the period and the company's financial position at the end of the period are shown in the attached accounts.

The directors have not recommended a dividend.

**Financial risk management objectives and policies**

**Directors**

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

C R Hulatt  
G B Myles  
S A Rogerson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the accounts of the parent company.

**Directors' responsibilities**

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

Company law requires the directors to prepare accounts 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 accounts, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

**Auditor**

A resolution to re-appoint Rees Pollock as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

— ON BEHALF OF THE BOARD



C R Hulatt  
Director  
27 November 2006



# REES POLLOCK

Chartered Accountants

35 New Bridge Street

London EC4V 6BW

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTOPUS VENTURES LIMITED**

We have audited the accounts of Octopus Ventures Limited for the period from 1 January 2005 to 30 April 2006 on pages 5 to 11 which have been prepared on the basis of the accounting policies set out on page 7.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit for the period then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock  
Chartered Accountants & Registered Auditors  
28 November 2006

Octopus Ventures Limited

**PROFIT AND LOSS ACCOUNT**

for the period from 1 January 2005 to 30 April 2006

	Note	Period to 30 Apr 06 £	Year to 31 Dec 04 £
<b>TURNOVER</b>	<b>2</b>	—	15,000
Administrative expenses		59	301,183
<b>OPERATING LOSS</b>	<b>3</b>	(59)	(286,183)
Interest receivable		150	234
Amounts written off investments		—	(541,445)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		91	(827,394)
Tax on profit/(loss) on ordinary activities	<b>6</b>	—	—
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>		91	(827,394)
Balance brought forward		(2,018,914)	(1,191,520)
Balance carried forward		<u>(2,018,823)</u>	<u>(2,018,914)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 7 to 11 form part of these accounts.

Octopus Ventures Limited

BALANCE SHEET

at 30 April 2006

	Note	£	30 Apr 06 £	31 Dec 04 £
<b>FIXED ASSETS</b>				
Investments	7		772,504	772,504
<b>CURRENT ASSETS</b>				
Cash at bank		23		44,315
<b>CREDITORS: amounts falling due within one year</b>	8	<u>2,791,349</u>		<u>2,835,732</u>
<b>NET CURRENT LIABILITIES</b>			<u>(2,791,326)</u>	<u>(2,791,417)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(2,018,822)</u>	<u>(2,018,913)</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	11		1	1
Profit and loss account			<u>(2,018,823)</u>	<u>(2,018,914)</u>
<b>DEFICIT</b>	12		<u>(2,018,822)</u>	<u>(2,018,913)</u>

The accounts on pages 5 to 11 were approved by the board of directors on 27 November 2006 and signed on its behalf by:



S A Rogerson  
Director

The notes on pages 7 to 11 form part of these accounts.

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NOTES TO THE ACCOUNTS

for the period from 1 January 2005 to 30 April 2006

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Going concern**

The directors have considered the company's ability to continue as a going concern. As the group companies have confirmed that they will not call in their debt for at least twelve months, the accounts have been prepared on the going concern basis.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the company is small.

**Turnover**

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Deferred taxation**

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

**Fixed asset investments**

Fixed asset investments are stated at cost less any provision for permanent diminution of value.

**2. TURNOVER**

The turnover and loss before tax are attributable to the one principal activity of the company carried out wholly in the UK.



NOTES TO THE ACCOUNTS

for the period from 1 January 2005 to 30 April 2006

3. OPERATING LOSS

Operating loss is stated after charging:

	Period to 30 Apr 06	Year to 31 Dec 04
	£	£
Loss on disposal of fixed assets	—	13,716
Operating lease costs:		
- land and buildings	—	34,569
	<u>—</u>	<u>34,569</u>

The audit fee has been borne by a fellow group undertaking.

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	Period to 30 Apr 06	Year to 31 Dec 04
	No	No
Number of administrative staff	—	10
	<u>—</u>	<u>10</u>

The aggregate payroll costs of the above were:

	Period to 30 Apr 06	Year to 31 Dec 04
	£	£
Wages and salaries	—	101,717
Social security costs	—	83,037
	<u>—</u>	<u>184,754</u>

5. DIRECTORS' EMOLUMENTS

	Period to 30 Apr 06	Year to 31 Dec 04
	£	£
Emoluments	—	70,000
	<u>—</u>	<u>70,000</u>

## NOTES TO THE ACCOUNTS

for the period from 1 January 2005 to 30 April 2006

**6. TAXATION ON ORDINARY ACTIVITIES**

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	Period to 30 Apr 06 £	Year to 31 Dec 04 £
Profit/(loss) on ordinary activities before taxation	91	(827,394)
Profit/(loss) on ordinary activities multiplied by the rate of corporation tax	17	(157,205)
Movement in provisions for investments	-	86,083
Movement in tax losses	(17)	68,827
Difference between profit on disposal for accounting and tax purposes	-	2,295
Total current tax	-	-

**7. INVESTMENTS**

	Unlisted investments £
Cost	
At 1 January 2005	1,360,880
Disposals	(88,376)
At 30 April 2006	1,272,504
Amounts written off	
At 1 January 2005	588,376
Disposals	(88,376)
At 30 April 2006	500,000
Net book value	
At 30 April 2006	772,504
At 31 December 2004	772,504

**8. CREDITORS: amounts falling due within one year**

	30 Apr 06 £	31 Dec 04 £
Amounts owed to group undertakings	2,791,349	2,835,732

## NOTES TO THE ACCOUNTS

for the period from 1 January 2005 to 30 April 2006

**9. DEFERRED TAXATION**

No provision has been made in the accounts and the amounts unprovided at the end of the period are as follows:

	30 Apr 06	31 Dec 04
	£	£
Tax losses available	447,082	283,170
Other timing differences	150,000	95,000
	<u>597,082</u>	<u>378,170</u>

The deferred tax asset will only crystallise in the event of the company making future taxable profits. At present the directors feel that this is insufficiently certain to support the recognition of the asset.

**10. COMMITMENTS UNDER OPERATING LEASES**

At 30 April 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	30 Apr 06		31 Dec 04	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	39,300	-
Within 2 to 5 years	-	-	-	3,254
	<u>-</u>	<u>-</u>	<u>39,300</u>	<u>3,254</u>

**11. SHARE CAPITAL**

Authorised share capital:

	30 Apr 06	31 Dec 04
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	30 Apr 06		31 Dec 04	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	30 Apr 06	31 Dec 04
	£	£
Profit/(loss) for the financial period	91	(827,394)
Opening shareholders' deficit	(2,018,913)	(1,191,519)
Closing shareholders' deficit	<u>(2,018,822)</u>	<u>(2,018,913)</u>

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NOTES TO THE ACCOUNTS

for the period from 1 January 2005 to 30 April 2006

**13. ULTIMATE PARENT COMPANY**

The ultimate parent undertaking of the company is Octopus Capital Limited (formerly Octopus Capital plc), a company incorporated in England and Wales.

Copies of group accounts can be obtained from The Secretary, Octopus Capital Limited, 8 Angel Court, London, EC2R 7HP.