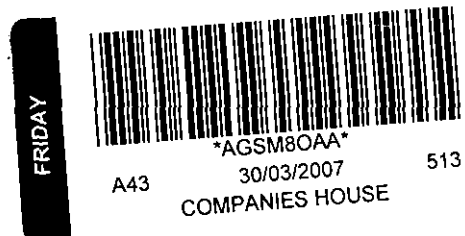


Registered no: 4441046

KINGSBRIDGE CAPITAL ADVISORS LIMITED

**Annual report
for the year ended 31 December 2006**



Kingsbridge Capital Advisors Limited

Annual report for the year ended 31 December 2006

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Kingsbridge Capital Advisors Limited

Directors and advisors

Directors

John Wallinger - *Non-executive Chairman*
Dr. Mathias Hink - *Chief Executive*
Dr. Ion Florescu

Secretary

Niel Redpath FCA

Registered Office

42, Berkeley Square
London W1J 5AW

Bankers

HSBC Bank plc
133 Regent Street
London W1B 4HX

Registered auditors

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

Kingsbridge Capital Advisors Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements for the year ended 31 December 2006.

Principal activities

The principal activity of the company is the provision of advisory services for private equity investments. The company is regulated by the Financial Services Authority ('FSA').

Review of business

In the opinion of the directors, the results for the period and the state of the company's affairs at 31 December 2006 are satisfactory. The Directors have no reason not to believe that the results for 2007 will be overall in line with projections and will be profitable on a cash basis. The company is encountering good deal flow and hopes to conclude at least three more investments, provided sufficient funds are available, which will generate deal and monitoring fee income not included in the projections. The company will explore raising up to \$50 million of additional funding in the current year and has signed an exclusive fund raising contract with Triago, a prominent placement agent.

Results for the year and dividends

The profit for the year after taxation was £189,242 (period ended 31 December 2005: £559,636). The directors do not recommend the payment of a dividend (period ended 31 December 2005: £nil).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to some risk. The directors consider the key business risks and uncertainties affecting the company are (1) foreign exchange exposure because revenue is mostly in Euros and costs mostly in sterling; and (2) the future possible loss of management and monitoring fee income should the fund, which the company advises, divest and capital be returned to the investors and no further funds be raised.

Key performance indicators

Given the nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Directors and their interests

The directors of the company at 31 December 2006, all of whom have been directors for the whole of the year ended on that date were:

John Wallinger
Dr. Mathias Hink
Dr. Ion Florescu

Kingsbridge Capital Advisors Limited

Directors' report for the year ended 31 December 2006 (continued)

Directors and their interests (continued)

According to the Company's Register, neither the directors of the company, nor members of their families as defined by the Companies Act 1985, had any interest in the shares of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

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.

Disclosure of information to the auditors

At the time of approving this report, as far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. They also confirm that they have taken all the steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

By order of the Board



Dr. Mathias Hink
Director

15 March 2007

Kingsbridge Capital Advisors Limited

Independent auditors' report to the members of Kingsbridge Capital Advisors Limited

We have audited the financial statements of Kingsbridge Capital Advisors Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.


Kingsbridge Capital Advisors Limited

Independent auditors' report to the members of Kingsbridge Capital Advisors Limited (continued)

Opinion

In our opinion:

- the financial statements 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 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

15 March 2007

Kingsbridge Capital Advisors Limited

Profit and loss account for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Turnover	2	1,131,580	1,285,971
Administrative expenses		<u>(805,827)</u>	<u>(686,453)</u>
Operating profit	5	325,753	599,518
Interest receivable and similar income		<u>7,421</u>	<u>2,205</u>
Profit on ordinary activities before taxation		333,174	601,723
Tax on profit on ordinary activities	6	<u>(143,932)</u>	<u>(42,087)</u>
Retained profit for the financial year / period	10, 11	<u>189,242</u>	<u>559,636</u>

The activities of the company relate entirely to continuing operations.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 13 form an integral part of the financial statements.

Kingsbridge Capital Advisors Limited

Balance sheet at 31 December 2006

	Notes	2006 £	2005 £
Current assets			
Debtors	7	712,790	548,789
Cash at bank and in hand		<u>339,397</u>	<u>459,292</u>
		1,052,187	1,008,081
Creditors: amounts falling due within one year	8	<u>(262,486)</u>	<u>(407,622)</u>
Net current assets		789,701	600,459
Net assets		<u>789,701</u>	<u>600,459</u>
Capital and reserves			
Called up share capital	9	50,000	50,000
Profit and loss reserve	10	739,701	550,459
Total shareholder's funds	11	<u>789,701</u>	<u>600,459</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 15 March 2007 and were signed on its behalf by:



Dr. Mathias Hink
Director

The notes on pages 8 to 13 form an integral part of the financial statements.

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2006

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

Comparative figures

The comparative figures included in the financial statements cover the period from 1 October 2004 to 31 December 2005.

Cash flow statement

The company is exempt under Financial Reporting Standard No.1 (Revised 1996) from the requirement to prepare a separate cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party disclosures

As the company is a wholly owned subsidiary undertaking, it is exempt under the terms of FRS 8 'Related Party Disclosure' from disclosing related party transactions with group companies and investees of the group qualifying as related parties.

Deferred taxation

Deferred tax is recognised on a full provision basis on all timing differences which have originated, but not reversed, at the balance sheet date calculated at rates of tax expected to apply, based on annual tax rates and law. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation. Deferred tax liabilities have not been discounted.

Deferred tax assets are only recognised when it is considered probable that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Turnover

Turnover represents the total invoiced value, which excludes value added tax, in respect of services supplied, and recharged expenses.

2 Turnover

Turnover comprises investment management fees and other recharged expenses receivable for the year / period:

	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Investment management fees	955,471	1,214,922
Recharged expenses	176,109	71,049
	<u>1,131,580</u>	<u>1,285,971</u>

3 Directors' emoluments

	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Aggregate emoluments	<u>534,000</u>	<u>695,250</u>

The amounts set out above include remuneration of £317,000 (period ended 31 December 2005: £294,375) in respect of the highest paid director.

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

4 Employee information

	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Staff costs		
Wages and salaries	534,000	588,750
Social security costs	73,463	67,237
	<u>607,463</u>	<u>655,987</u>

The average number of persons, including directors, employed by the company during the year was 2 (period ended 31 December 2005: 2).

5 Operating profit

	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Operating profit is stated after charging:		
Auditors' remuneration		
- audit	5,000	11,764
- over-accrual of prior period audit	(3,747)	
- non-audit		
tax services	2,000	-
other services	3,500	-
Net exchange losses on foreign currency	<u>11,872</u>	<u>20,773</u>

The remaining audit fee of £8,000 was borne by the parent company (period ended 31 December 2005: £nil).

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

6 Taxation

	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Current tax:		
UK corporation on profits of the year / period	63,303	42,087
Adjustment in respect of previous years	80,629	-
	<u>143,932</u>	<u>42,087</u>

The tax assessed is higher (period ended 31 December 2005: lower) than the standard rate of corporation tax in the UK of 19% (period ended 31 December 2005: 25%). The differences are explained below:

	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Profit on ordinary activities before tax	<u>333,174</u>	<u>592,555</u>
Profit on ordinary activities multiplied by standard rate in the UK (19%)	63,303	148,139
Effects of		
Payment for prior periods group relief	80,629	-
Group relief losses	-	(106,052)
Total current tax	<u>143,932</u>	<u>42,087</u>

7 Debtors

	2006 £	2005 £
Trade debtors	100,794	-
Amounts owed by group undertakings	575,228	385,199
Other debtors	16,867	163,590
Accrued income	19,901	-
	<u>712,790</u>	<u>548,789</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date repayment.

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	43,790	-
Corporation tax	30,471	42,087
Other tax and social security	137,964	24,535
Other creditors	39,761	-
Accruals	10,500	341,000
	<u>262,486</u>	<u>407,622</u>

9 Called up share capital

	2006 £	2005 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
100,000 preference shares of £1 each	100,000	100,000
	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
20,000 ordinary shares of £1 each	20,000	20,000
30,000 preference shares of £1 each	30,000	30,000
	<u>50,000</u>	<u>50,000</u>

The preference shares carry no voting rights and are not entitled to dividends.

On a winding up, preference shares have priority over distributions to holders of ordinary shares.

The preference shares are redeemable at any time by the Company, subject to three months' prior written notice to preference shareholders and written approval by the FSA and if the Company would not be in breach of the FSA Rules in relation to capital adequacy.

10 Profit and loss reserve

	£
At 1 January 2006	550,459
Retained profit for the year	189,242
At 31 December 2006	<u>739,701</u>

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

11 Reconciliation of movements in shareholder's funds

	2006 £	2005 £
Opening shareholder's funds	600,459	40,823
Profit for the financial year / period	189,242	559,636
Closing shareholder's funds	<u>789,701</u>	<u>600,459</u>

12 Ultimate controlling company

Hardt Group Capital Partners Limited, the company's immediate parent undertaking, prepares group financial statements which consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at the registered office, 42, Berkeley Square, London W1J 5AW.

The ultimate parent undertaking and controlling party is Hardt Group Investments AG, a company registered and regulated in Austria.