

# Kingsbridge Capital Advisors Limited

## Annual report for the year ended 31 December 2007

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# Kingsbridge Capital Advisors Limited

## Directors and advisors

### **Directors**

John Wallinger  
Dr Mathias Hink  
Dr Ion Florescu

*Non-executive Chairman*  
*Chief Executive*  
*Executive*

### **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  
Hay's Galleria  
1 Hay's Lane  
London SE1 2RD



# **Kingsbridge Capital Advisors Limited**

## **Directors' report for the year ended 31 December 2007**

The directors present their report and the audited financial statements for the year ended 31 December 2007

### **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 2007 are satisfactory. The Directors believe that the results for 2008 will be in line with projections overall and will be profitable on a cash basis. The company is encountering good deal flow and hopes to conclude at least three more investments in 2008, which will generate deal and monitoring fee income not included in the projections. The company raised €50 million of additional funding in 2007 and now has €100 million under management for 2008. The company is expecting to sign a non-exclusive fund raising contract with Moravia, a prominent placement agent in Switzerland.

### **Results for the year and dividends**

The loss for the year after taxation was £641,319 (year ended 31 December 2006: profit of £189,242). The directors do not recommend the payment of a dividend (year ended 31 December 2006: £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:

- foreign exchange exposure because revenue is mostly in Euros and costs mostly in sterling, and
- 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.

# **Kingsbridge Capital Advisors Limited**

## **Directors' report for the year ended 31 December 2007 (continued)**

### **Directors**

The directors who held office during the year are given below

John Wallinger  
Dr Mathias Hink  
Dr Ion Florescu

### **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 2007 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**

So far as the directors are aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps they might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information
- the information given in the directors' report is consistent with the financial statements

# Kingsbridge Capital Advisors Limited

## Directors' report for the year ended 31 December 2007 (continued)

### Auditors

The Company has passed an elective resolution to dispense with the obligation to re-appoint auditors annually in accordance with Section 386 of the Companies Act 1985

By order of the Board



Dr. Mathias Hink  
Director

27<sup>th</sup> March 2008

# **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 2007 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.

In addition we 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 2007 and of its loss 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*  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

27 March 2008

# Kingsbridge Capital Advisors Limited

## Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	1,348,903	1,131,580
Administrative expenses		(1,502,025)	(805,827)
Exceptional operating expenses	5	(480,189)	-
Total operating costs		(1,982,214)	(805,827)
Operating (loss) / profit	5	(633,311)	325,753
Interest receivable and similar income		10,766	7,421
(Loss) / profit on ordinary activities before taxation		(622,545)	333,174
Tax on (loss) / profit on ordinary activities	6	(18,774)	(143,932)
(Loss) / profit for the financial year	12,13	(641,319)	189,242

The activities of the company relate entirely to continuing operations

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

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

The notes on pages 9 to 16 form an integral part of the financial statements

# Kingsbridge Capital Advisors Limited

## Balance sheet at 31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	<u>2,326</u>	<u>-</u>
<b>Current assets</b>			
Debtors	8	<u>379,624</u>	<u>712,790</u>
Cash at bank and in hand		<u>240,036</u>	<u>339,397</u>
		<b>619,660</b>	<b>1,052,187</b>
<b>Creditors' amounts falling due within one year</b>	9	<u>(473,455)</u>	<u>(262,486)</u>
<b>Net current assets</b>		<u>146,205</u>	<u>789,701</u>
<b>Total assets less current liabilities</b>		<b>148,531</b>	<b>789,701</b>
<b>Provisions for liabilities and charges</b>	10	<u>(149)</u>	<u>-</u>
<b>Net assets</b>		<u>148,382</u>	<u>789,701</u>
<b>Capital and reserves</b>			
Called up share capital	11	<u>50,000</u>	<u>50,000</u>
Profit and loss reserve	12	<u>98,382</u>	<u>739,701</u>
<b>Total shareholders' funds</b>	13	<u>148,382</u>	<u>789,701</u>

The financial statements on pages 7 to 16 were approved by the Board of Directors on *25th March* 2008 and were signed on its behalf by



Dr Mathias Hink  
Director

The notes on pages 9 to 16 form an integral part of the financial statements

# **Kingsbridge Capital Advisors Limited**

## **Notes to the financial statements for the year ended 31 December 2007**

### **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.

#### **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.

#### **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.



# Kingsbridge Capital Advisors Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 1 Principal accounting policies (continued)

#### Fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition

Depreciation is provided on cost in equal annual instalments over the estimated useful economic lives of the assets concerned. The following annual rates are used

Computer equipment	33% straight line
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### 2 Turnover

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

	2007 £	2006 £
Investment management fees	907,057	955,471
Recharged expenses	441,846	176,109
	<u>1,348,903</u>	<u>1,131,580</u>

The geographical breakdown of turnover is

	2007 £	2006 £
Germany	16,049	-
Luxembourg	312,634	345,735
Jersey	1,020,220	785,845
	<u>1,348,903</u>	<u>1,131,580</u>



# Kingsbridge Capital Advisors Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 3 Directors' emoluments

	2007 £	2006 £
Aggregate emoluments	<u>300,000</u>	<u>534,000</u>

The amounts set out above include remuneration of £150,000 paid to both of the two highest paid directors (2006 £317,000 was paid in respect of the highest paid director)

### 4 Employee information

	2007 £	2006 £
<b>Staff costs</b>		
Wages and salaries	682,102	534,000
Social security costs	83,398	73,463
	<u>765,500</u>	<u>607,463</u>

The average number of persons, including directors, employed by the company during the year was 5 (2006 2)

### 5 Operating (loss) / profit

	2007 £	2006 £
<b>Operating (loss) / profit is stated after charging:</b>		
Auditors' remuneration		
- audit (see below)	16,000	5,000
- over-accrual of prior period audit	-	(3,747)
- non-audit		
tax services	43,595	2,000
other services	5,550	3,500
Waiving of loan (see below)	480,189	-
Net exchange losses on foreign currency	<u>5,951</u>	<u>11,872</u>

In the prior year an additional audit fee of £8,000 was borne by the parent company





# Kingsbridge Capital Advisors Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 5 Operating (loss) / profit (continued)

#### Exceptional item

The exceptional item represents a waived loan amounting to £480,189 provided by Kingsbridge Capital Advisors Limited to Hardt Capital Partners Limited. The loan was waived during the year by Kingsbridge Capital Advisors Limited in light of the economic position of Hardt Capital Partners Limited.

### 6 Taxation on the (loss) / profit for the year

	2007 £	2006 £
<b>Current tax:</b>		
UK corporation on profits of the year	-	63,303
Adjustment in respect of previous years	18,625	80,629
Total current tax	18,625	143,932
<b>Deferred tax:</b>		
Origination and reversing of timing differences	149	-
Total deferred tax (note 10)	149	-
Tax on (loss) / profit on ordinary activities	18,774	143,932

The tax assessed is higher (year ended 31 December 2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 19%). The differences are explained below.

	2007 £	2006 £
(Loss) / profit on ordinary activities before tax	(622,545)	333,174
(Loss) / profit on ordinary activities multiplied by standard rate in the UK 30% (2006 19%)	(186,764)	63,303
<b>Effects of</b>		
Expenses not deductible for tax purposes	8,526	-
Accelerated capital allowances / other timing differences	(159)	-
Group relief losses	172,532	-
Losses carried forward	5,865	-
Payment for prior periods group relief	-	80,629
Adjustment in respect of previous years	18,625	-
Total current tax	18,625	143,932

# Kingsbridge Capital Advisors Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 7 Tangible fixed assets

	Computer Equipment £
<b>Cost</b>	
Additions	2,392
<b>At 31 December 2007</b>	<u>2,392</u>
<b>Depreciation</b>	
Charge for the year	66
<b>At 31 December 2007</b>	<u>66</u>
<b>Net book value</b>	
<b>At 31 December 2007</b>	<u>2,326</u>

### 8 Debtors

	2007 £	2006 £
Trade debtors	343,024	100,794
Amounts owed by group undertakings	-	575,228
Other debtors	36,600	16,867
Accrued income	-	19,901
	<u>379,624</u>	<u>712,790</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date repayment. During the year a net amount of £95,039 was repaid by Hardt Capital Partners Limited. Subsequently the remaining balance of £480,189 was waived (see note 5).

# Kingsbridge Capital Advisors Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 9 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	255,802	43,790
Corporation tax	15,738	30,471
Other tax and social security	112,737	137,964
Other creditors	10,687	39,761
Accruals	78,491	10,500
	<u>473,455</u>	<u>262,486</u>

### 10 Provisions for liabilities and charges

		Deferred tax £
At 1 January 2007		-
Charge to the profit and loss account		149
At 31 December 2007		<u>149</u>
Provision for deferred tax:		
	2007 £	2006 £
Accelerated capital allowances	149	-
	<u>149</u>	<u>-</u>

# Kingsbridge Capital Advisors Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 11 Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
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>
<b>Allotted, called up and fully paid</b>		
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

### 12 Profit and loss reserve

	£
At 1 January 2007	739,701
Loss for the financial year	(641,319)
<b>At 31 December 2007</b>	<u><b>98,382</b></u>

### 13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	789,701	600,459
(Loss) / profit for the financial year	(641,319)	189,242
<b>Closing shareholders' funds</b>	<u><b>148,382</b></u>	<u><b>789,701</b></u>

# **Kingsbridge Capital Advisors Limited**

## **Notes to the financial statements for the year ended 31 December 2007 (continued)**

### **14 Ultimate controlling company**

The immediate and ultimate parent undertaking and controlling party is Kingsbridge Capital Holdings Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Kingsbridge Capital Holdings Limited consolidated financial statements can be obtained from the Company Secretary at the registered office, 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands.

### **15 Post balance sheet event**

On 1 January 2008, the company completed the purchase of part of the business of Hardt Group Capital Partners Limited for a total consideration of the book value as at 31 December 2007 amounting to £42,368 in cash. The consideration is due to be received on 31 March 2008.