

KINGSBRIDGE CAPITAL ADVISORS LIMITED

**Annual report
for the year ended 31 December 2008**

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Kingsbridge Capital Advisors Limited

Annual report for the year ended 31 December 2008

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Kingsbridge Capital Advisors Limited

Directors and advisors

Directors

John Wallinger

Dr. Mathias Hink

Dr. Ion Florescu

Dr Alexander Schweickhardt

David Elstein

Jeff Landle

Non-executive Chairman

Chief Executive

Executive

Non-executive

Non-executive

Non-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 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

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 year and the state of the company's affairs at 31 December 2008 are satisfactory. The Directors believe that the results for 2009 will be in line with projections, albeit at a reduced level compared with 2008. The company's income for 2009 is already received and costs will be controlled to respond to market conditions and income.

Results for the year and dividends

The loss for the year after taxation was £679,887 (year ended 31 December 2007: loss of £641,319). The directors do not recommend the payment of a dividend (year ended 31 December 2007: £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 2008 (continued)

Directors

The directors who held office during the year are given below:

John Wallinger	
Dr. Mathias Hink	
Dr. Ion Florescu	
Dr Alexander Schweickhardt	<i>Appointed 28 March 2008</i>
David Elstein	<i>Appointed 28 March 2008</i>
Mohamed Amersi	<i>Appointed 28 March 2008; resigned 19 December 2008</i>
Jeff Landle	<i>Appointed 28 March 2008</i>

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 2008 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 2008 (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

23 April 2009

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 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 also 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 2008 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
Chartered Accountants and Registered Auditors
London

23 April 2009

Kingsbridge Capital Advisors Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	1,936,567	1,348,903
Administrative expenses		(2,627,654)	(1,502,025)
Exceptional operating expenses	5	-	(480,189)
Total operating costs		<u>2,627,654</u>	<u>(1,982,214)</u>
Operating loss	5	(691,087)	(633,311)
Interest receivable and similar income		<u>11,725</u>	<u>10,766</u>
Loss on ordinary activities before taxation		(679,362)	(622,545)
Tax on loss on ordinary activities	6	(525)	(18,774)
Loss for the financial year	12,13	<u>(679,887)</u>	<u>(641,319)</u>

The activities of the company relate entirely to continuing operations.

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

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

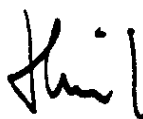
The notes on pages 9 to 16 form an integral part of the financial statements.

Kingsbridge Capital Advisors Limited

Balance sheet at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	7	<u>10,916</u>	<u>2,326</u>
Current assets			
Debtors	8	260,390	379,624
Cash at bank and in hand		<u>256,306</u>	<u>240,036</u>
		516,696	619,660
Creditors: amounts falling due within one year	9	<u>(296,117)</u>	<u>(473,455)</u>
Net current assets		<u>220,579</u>	<u>146,205</u>
Total assets less current liabilities		231,495	148,531
Provisions for liabilities and charges	10	-	(149)
Net assets		<u>231,495</u>	<u>148,382</u>
Capital and reserves			
Called up share capital	11	50,000	50,000
Profit and loss reserve	12	(581,505)	98,382
Capital Reserve	13	763,000	-
Total shareholders' funds	13	<u>231,495</u>	<u>148,382</u>

The financial statements on pages 7 to 16 were approved by the Board of Directors on 23 April 2009 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 2008

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 2008 (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:

	2008 £	2007 £
Investment management fees	1,256,648	907,057
Recharged expenses	679,919	441,846
	<u>1,936,567</u>	<u>1,348,903</u>

The geographical breakdown of turnover is:

	2008 £	2007 £
Germany	-	16,049
Luxembourg	-	312,634
Jersey	1,936,567	1,020,220
	<u>1,936,567</u>	<u>1,348,903</u>

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

3 Directors' emoluments

	2008 £	2007 £
Aggregate emoluments	<u>450,000</u>	<u>300,000</u>

The amounts set out above include remuneration of £225,000 paid to each of the two highest paid directors (2007: £150,000 was paid in respect of the highest paid director).

4 Employee information

	2008 £	2007 £
Staff costs		
Wages and salaries	892,264	682,102
Social security costs	110,245	83,398
	<u>1,002,509</u>	<u>765,500</u>

The average number of persons, including directors, employed by the company during the year was 8 (2007: 5).

5 Operating loss

	2008 £	2007 £
Operating loss is stated after charging:		
Auditors' remuneration		
- audit	22,000	16,000
- non-audit		
tax services	58,000	43,595
other services	-	5,550
Waiving of loan (see below)	-	480,189
Net exchange losses on foreign currency	<u>10,492</u>	<u>5,951</u>

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 by Kingsbridge Capital Advisors Limited in light of the economic position of Hardt Group Capital Partners Limited.

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

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

	2008 £	2007 £
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustment in respect of previous years	674	18,625
Total current tax	674	18,625
Deferred tax:		
Origination and reversing of timing differences	(149)	149
Total deferred tax (note 10)		149
Tax on (loss) / profit on ordinary activities	525	18,774

The tax assessed is higher (year ended 31 December 2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	(679,362)	(622,545)
Loss on ordinary activities multiplied by standard rate in the UK 28.5% (2007:30%)	(193,618)	(186,764)
Effects of		
Expenses not deductible for tax purposes	5,645	8,526
Accelerated capital allowances / other timing differences	533	(159)
Group relief losses	-	172,532
Losses carried forward	187,440	5,865
Adjustment in respect of previous years	674	18,625
Total current tax	674	18,625

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

7 Tangible fixed assets

	Computer Equipment £
Cost	
At 31 December 2007	2,392
Additions	13,766
At 31 December 2008	<u>16,158</u>
Depreciation	
At 31 December 2007	67
Charge for the year	5,175
At 31 December 2008	<u>5,242</u>
Net book value	
At 31 December 2007	<u>2,326</u>
At 31 December 2008	<u>10,916</u>

8 Debtors

	2008 £	2007 £
Trade debtors	31,552	343,024
Amounts owed by group undertakings	106,668	-
Other debtors	122,170	36,600
	<u>260,390</u>	<u>379,624</u>

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	214,985	255,802
Corporation tax	-	15,738
Other tax and social security	43,607	112,737
Other creditors	121	10,687
Accruals	37,404	78,491
	<u>296,117</u>	<u>473,455</u>

10 Provisions for liabilities and charges

		Deferred tax £
At 1 January 2008		(149)
Credit to the profit and loss account		149
At 31 December 2007		<u>-</u>
Provision for deferred tax:		
	2008 £	2007 £
Accelerated capital allowances	-	(149)
	<u>-</u>	<u>149</u>

There were surplus losses of £661,591 and accelerated capital allowances of £1,338 at 31 December 2008. Given the company's loss making position, these have not been recognised as deferred tax assets.

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Called up share capital

	2008 £	2007 £
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.

12 Profit and loss reserve

	£
At 1 January 2008	98,382
Loss for the financial year	(679,887)
At 31 December 2008	<u>(581,505)</u>

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	148,382	789,701
Loss for the financial year	(679,887)	(641,319)
Capital Reserve	763,000	
Closing shareholders' funds	<u>231,495</u>	<u>148,382</u>

The Company received £763,000 from its parent company, Kingsbridge Capital Holdings Ltd, Jersey as a capital contribution without any contractual obligation as to

Kingsbridge Capital Advisors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

repayment. This was paid to maintain the capital and cash flow of the company in the light of its trading losses.

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.