

Registered Number

05194248

KAPPAMETRICS LIMITED

**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER
2010**

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Kappametrics Limited**Directors' Report for the year ended 31 December 2010**

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

Directors

The Directors of the Company during the year were as follows:-

Mr J D F Coombs
Mr M P Muth
Ms A C Ohlsson
Mr S D V Willson

Principal activities, review of business and future developments

The principal activity of the Company during the year consisted of the development and preparation for commercialisation of a proprietary brain imaging technique for brain research. The results of the Company show a loss on ordinary activities before tax of £138,732 (2009 - £1,280,588) and turnover of £nil (2009 - £nil)

In 2009, the Board decided to withdraw the Company's funding of Kappametrics Inc, therefore halting any further significant product development, marketing and sales activity

The Directors now consider their priority to be the preparation for sale of the Company's intellectual property assets to a third party who will be able to continue with product development, marketing and sales activity

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate as they expect the Company will be able to extend the repayment terms of existing intra-group funding provided by companies associated with its current majority shareholder in the period subsequent to the year end. Further information in respect of going concern is given in the Principal Accounting Policies note to the financial statements

Key Performance Indicators

Given the straightforward nature of the business, the Company's 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.

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to product development, physical risks, legislative, fiscal and regulatory conditions

Research and Development

The Company's research and development operations ceased to investigate new methods and materials to improve the performance of the existing products during 2010

Kappametrics Limited

The Company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The Company has specific policies for the management of these risks. The Company manages these risks as follows:

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Liquidity risk

The Unilever Group ensures, by means of giving loans, that the Company has sufficient funds available to fund the operations.

Further discussion of these risks and uncertainties, and how they are managed in the context of the Unilever group as a whole, is provided in the published Unilever Group Annual Report.

Dividends

The Directors do not recommend the payment of a dividend. (2009 - £nil)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Kappametrics Limited

Statement of Provision of Information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:


- 1 So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
2. The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Independent Auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will remain in office as auditors of the Company in accordance with the provisions of Section 487(2) of the Companies Act 2006

By Order of the Board



Duly Authorised for and on behalf of Kappametrics Limited
M P Muth - Director
29/09/2011

Kappametrics Limited**Independent Auditors' Report to the Members of Kappametrics Limited**

We have audited the financial statements of Kappametrics Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies note on Page 8 concerning the Company's ability to continue as a going concern. The Company requires additional funding to enable it to meet its liabilities as they fall due for at least 12 months from the date of approval of these Financial Statements. As agreement to this funding is not formally in place, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.



Alex Hookway (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 September 2011

Kappametries Limited**Registered Number 05194248****Profit and Loss Account for the year ended 31 December 2010**

	<u>Notes</u>	2010 £000	2009 £000
Administrative expenses		(116)	(1,267)
Operating loss on ordinary activities before interest and taxation	(1)	(116)	(1,267)
Interest receivable and similar income	(3)	-	1
Interest payable and similar charges	(3)	(23)	(15)
Loss on ordinary activities before taxation		(139)	(1,281)
Taxation on profit/(loss) on ordinary activities	(4)	(9)	290
Loss for the financial year	(9)	(148)	(991)

All operations in the year are, and in the comparative year were, continuing

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

Statement of Total Recognised Gains and Losses for the year ended 31 December 2010

The loss for each financial year represents the total recognised losses of that year and therefore no separate statement of total recognised gains and losses has been presented

Kappametrics Limited**Balance Sheet as at 31 December 2010**

	<u>Notes</u>	2010 £000	2009 £000
Current assets			
Debtors	(6)	-	118
Cash at bank and in hand		7	11
		<u>7</u>	<u>129</u>
Creditors: amounts falling due within one year	(7)	<u>(838)</u>	<u>(812)</u>
Net current liabilities		<u>(831)</u>	<u>(683)</u>
Total assets less current liabilities		<u>(831)</u>	<u>(683)</u>
Net liabilities		<u>(831)</u>	<u>(683)</u>
Capital and reserves			
Called up share capital	(8)	3,366	3,366
Profit and loss account / (deficit)	(9)	<u>(4,197)</u>	<u>(4,049)</u>
Total shareholders' funds	(9)	<u>(831)</u>	<u>(683)</u>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 29th September 2011 and were signed on its behalf by.



M P Muth
Director

29/09/2011

Kappametrics Limited

Principal Accounting Policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and the applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate as they expect the Company will be able to extend the repayment terms of existing intra-group funding provided by the companies associated with its current majority shareholder in the period subsequent to the year end. The Directors have prepared cash flow projections for the company covering the period 12 months from the date of their approval of these financial statements. The Directors believe that the Company will be able to meet these cash flow requirements with an extension of repayment terms of existing funding. All the out of pocket expenses of the Company will be borne by the parent company or a fellow subsidiary. Having taken this material uncertainty into account, the Directors consider the company will be able to operate within its facilities. Should the extension to the repayment terms of existing funding not be secured within the required timescale, the Directors will be required to review the going concern basis of preparation. As such, because the Directors are not currently aware of any alternative sources of finance, adjustments to these accounts may be necessary to record additional liabilities and to write down assets to their recoverable amounts.

The financial statements contain information about Kappametrics Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Unilever PLC, a company incorporated in England and Wales.

Cash Flow Statement

The Company is a subsidiary of Unilever PLC and its cash flows are included in the consolidated financial statements of Unilever PLC, which are publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 'Cashflow statements' (revised 1996) from publishing a cash flow statement.

Research and Development

Expenditure on research and development of new products is charged to the profit and loss account in the year in which it is incurred.

Kappametrics Limited**Principal Accounting Policies (continued)****Foreign Currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction or at monthly average rates. Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates current at the year end, and profits/(losses) are taken through the Profit and Loss Account of the year.

Preference Shares

Presentational requirements under Financial Reporting Standard 25 'Financial Instruments Disclosure and Presentation' have been applied. Where a Company's preference shares carry the characteristics of a liability as opposed to equity, the Company's preference shares are disclosed as a liability in the balance sheet. The associated dividends are disclosed as part of net interest cost.

Dividends

Final dividends are only recognised when they have been approved by the shareholders and interim dividends are only recognised when paid.

Kappametrics Limited**Notes to the Accounts for the year ended 31 December 2010****(1) Operating loss on ordinary activities before interest and taxation**

The operating profit/(loss) is arrived at after charging/(crediting) the following amounts -

	2010 £000	2009 £000
Auditors' remuneration		
- audit services	8	7
Research and development expenditure	35	602
Exchange differences	(134)	168

(2) Directors' Emoluments

The Directors who served during the year ended 31 December 2010 are employed as managers by Unilever Ventures Limited and they are remunerated by that Company in respect of their services to Kappametrics Limited. Their emoluments are dealt with in group accounts and they receive no emoluments from the Company.

(3) Interest receivable/(payable) and similar items

	2010 £000	2009 £000
Other interest receivable and similar income	-	1
Total interest receivable and similar income	-	1
Interest payable on loans from group undertakings	(23)	(15)
Total interest payable and similar charges	(23)	(15)
Net interest payable and similar charges	(23)	(14)

Kappametrics Limited**(4) Taxation on Loss on Ordinary Activities**

The taxation (charge)/credit is made up as follows

	2010		2009	
	£000	£000	£000	£000
On loss for the year				
Current tax:				
UK corporation tax	(9)		298	
Adjustments for prior years	-		(8)	
Total UK taxation		(9)		290
Total taxation (charge)/credit		(9)		290

The current tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK (28%) (2009: 28%) The differences are explained below:

	2010	2009
	£000	£000
Loss on ordinary activities before tax	(139)	(1,281)
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 28% (2009 28%)	39	359
Effects of		
Permanent differences	(30)	(61)
Adjustments for prior years	-	(8)
Current tax (charge)/credit for the year	(9)	290

Factors affecting current and future tax charges

During the year, the change in the UK main corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

Kappametrics Limited

(5) Investment in Group Undertakings

The company has an investment of \$100 (2009 - \$100) in a subsidiary undertaking, as listed below. A description of the shares and the proportion held is also shown below:

Name of Company and Country of Incorporation/Registration	Description of Shares Held	Proportion of Nominal Value of Shares held and of Voting Rights		Principal Activity
		Direct %	Indirect %	
Kappametrics, Inc	US \$1 common	100	-	Research & Development, Sales & Marketing

The net liabilities of Kappametrics, Inc at 31 December 2010 were \$2,050,602 (2009 - \$1,901,636). Its loss after tax for the year ended 31 December 2010 was \$148,967 (2009 - \$469,202).

In the opinion of the Directors, the value of the investment in subsidiary undertakings is £nil, which is the value as stated in the balance sheet.

During the year the Board has decided to withdraw the Company's funding of Kappametrics Inc. As a consequence, since the year end Kappametrics Inc has been dissolved.

(6) Debtors

	2010 £000	2009 £000
Amounts due within one year		
Group relief receivable	-	117
Other debtors	-	1
		<hr/>
Total debtors	-	118

A bad debt has been provided of £183,008 (2009 - £1,266,784) for Kappametrics Inc, representing the net balances owed. This amount is interest bearing at a monthly libor and is unsecured.

Kappametrics Limited**(7) Creditors**

	2010 £000	2009 £000
Amounts falling due within one year		
Trade creditors	(14)	-
Amounts due to group undertakings	(785)	(772)
Corporation tax	(17)	-
Accruals and deferred income	(22)	(40)
Total	(838)	(812)

Amounts owed to group undertakings include balances with Unilever UK Central Resources Limited which are interest bearing at monthly libor and are unsecured

(8) Called up Share Capital

	2010 £000	2009 £000
Authorised		
15,000 (2009 – 15,000) A Ordinary shares of £0.01 each	-	-
1,000 (2009 – 1,000) B Ordinary shares at £0.01 each	-	-
4,500,000 (2009 – 4,500,000) Preferred shares of £1 each	4,500	4,500
Allotted and fully paid		
16,854 (2009 – 16,854) A Ordinary shares of £0.01 each	-	-
1,230 (2009 – 1,230) B Ordinary shares of £0.01 each	-	-
3,365,676 Preferred shares of £1 each	3,366	3,366

The A and B Ordinary Shares rank pari passu save that the Articles contain vesting provisions should a holder of B shares leave the Company's employment

The rights of the Preferred shares are as follows

- i) In the event of liquidation or the sale of the business, or a listing, the Preferred shares have preference rights to distribution of assets equal to the minimum proceeds as defined in the Company Articles
- ii) They have no right to dividend
- iii) They have no voting rights

Kappametrics Limited**(9) Reconciliation of movements in Total Shareholders' Funds / (Deficit)**

	2010 £000	2009 £000
Loss for the financial year	(148)	(991)
Share issue	-	1,318
Net (reduction) / addition to shareholders' funds	(148)	327
Opening shareholders' deficit	(683)	(1,010)
Closing shareholders' deficit	(831)	(683)

Reserves

	<u>Profit and Loss Account</u> £000	<u>Total</u> £000
At 1 January 2010	(4,049)	(4,049)
Profit for the financial year	(148)	(148)
At 31 December 2010	(4,197)	(4,197)

(10) Related Party Transactions and Ultimate Parent Company

The ultimate parent Company and controlling party is Unilever PLC and the immediate holding Company is Unilever U K. Holdings Limited The Company had the following transactions with fellow subsidiaries in the period

Unilever UK Central Resources

Kappametrics Limited was charged a total of £2,634 (2009 - £142,026) for patent maintenance costs and interest As at 31 December 2010 £132,971 (2009 – £130,336) of this balance remained unpaid Current account loans of £112,500 (2009 – £510,000) were also provided to Kappametrics Limited during the year. As at 31 December 2010 £654,099 (2009 – £519,215) of this balance remained unpaid

Kappametrics Inc

Kappametrics Limited paid a total of £34,926 (2009 - £781,100) for consultancy costs and other expenses incurred in the US to Kappametrics Inc