

# HATT III General Partner Limited

Report and Financial Statements

Year ended 31 December 2005



Registered No.: 3277955

# *HATT III General Partner Limited*

## Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2005.

## Principal Activities and Business Review

The principal activity of the company is the management of HATT III L.P., a venture capital limited partnership.

The management of HATT III L.P. is contracted to Top Technology Ventures Limited.

The results for the year are shown on page 5.

## Proposed Dividend

The directors do not recommend the payment of a final dividend (2004: £nil).

## Directors and Directors' Interests

The directors who held office during the Year were as follows:

P. D. Hill-Wood (Chairman)  
H. E. Fitzgibbons  
D. P. Gibbs  
J. Q. Davies (resigned 13 September 2005)  
D. N. Norwood  
A. J. Aubrey (appointed 6 September 2005)

At 31 December 2005, all of the directors holding office were also directors of Top Technology Ventures Limited ("TTV").

TTV is the owner of 100% of the issued share capital of the company. At 31 December 2005, IP2IPO Group plc was the controller of TTV which in turn is the owner of the entire issued share capital of the company.

A. J. Aubrey and D. N. Norwood are also directors of the ultimate parent company, IP2IPOGroup plc and their interests in the share capital of that company are shown in its financial statements. As at 31 December 2005, H. E. Fitzgibbons owns 100,000 shares in IP2IPO Group plc and may have an interest in 104,281 shares held by Top Technology Ventures IV LP and 75,219 shares held by Nordea Engros Aktier in IP2IPO Group plc.

The company paid management fees to TTV of £626,416 during the year (nine months ended 31 December 2004: £453,733).


# *HATT III General Partner Limited*

*Directors' Report (continued)*

## Auditors

The Company has passed an elective resolution pursuant to Section 379A of the Companies Act 1985 dispensing with the holding of annual general meetings, the laying of annual reports and financial statements before the shareholders in general meeting, and the re-appointment of auditors by the Company. Saffery Champness are deemed to be reappointed as auditors accordingly.

By Order of the Board

  
M. Goodlad  
Secretary

Dated 27<sup>th</sup> March, 2006

Registered Office:

Warwick Court  
5 Paternoster Square  
London  
EC4M 7BP

Registered in England No : 3277955

## *HATT III General Partner Limited*

### Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Report of the Auditor, is made to distinguish the responsibilities of the Directors for the financial statements from those of the Auditor.

The Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume the Company will continue in business.

The Directors have responsibility for ensuring the Company keeps adequate accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure the financial statements comply with the Companies Act 1985.

The Directors have a general responsibility for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, having prepared the financial statements, have requested the Auditor to take whatever steps and undertake whatever inspections it considers to be appropriate for the purpose of enabling it to give its audit report.

# *Independent Auditors' Report to the Shareholders of HATT III General Partner Limited*

We have audited the financial statements of HATT III General Partner Limited on pages 5 to 11. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

## **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of 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 is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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 if, in our opinion, the directors' report is not consistent with the financial statements, 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **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 judgements 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.

## **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 2005 and of its loss for the year then ended
- have been properly prepared in accordance with the Companies Act 1985.

*Saffery Champness*

*20 April*, 2006

Saffery Champness  
Chartered Accountants  
Registered Auditors

Lion House  
Red Lion Street  
London  
WC1R 4GB

# *Profit and Loss Account*

*For the year ended 31 December 2005*

	Note	12 months 31 December 2005	9 months 31 December 2004
		£	£
<b>Turnover</b>	1	628,520	456,412
Administrative expenses		(632,680)	(466,372)
		<hr/>	<hr/>
<b>Operating loss</b>	2	(4,160)	(9,960)
Other interest receivable and similar income	5	-	129
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(4,160)	(9,831)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		(4,160)	(9,831)
Retained loss brought forward		(114,133)	(104,302)
		<hr/>	<hr/>
<b>Retained loss carried forward</b>	12	(118,293)	(114,133)
		<hr/>	<hr/>

All the above activities relate to continuing operations in the current and preceding years.

The notes on pages 8 to 11 form part of these financial statements.

## *Statement of Total Recognised Gains & Losses*

*For the year ended 31 December 2005*

	Note	12 months 31 December 2005 £	9 months 31 December 2004 £
Loss for the financial year	12	(4,160)	(9,831)
Unrealised deficit on revaluation of investments	12	(13,353)	(5,894)
<b>Total recognised losses and gains relating to the financial year</b>		<u>(17,513)</u>	<u>(15,725)</u>

The notes on pages 8 to 11 form part of these financial statements.

# Balance Sheet

At 31 December 2005

	Note	12 months 31 December 2005	9 months 31 December 2004
		£	£
<b>Fixed assets</b>			
Investments	7	36,817	50,170
<b>Current assets</b>			
Debtors	8	88,383	238,584
Cash at bank and in hand		304	4,756
		<u>88,687</u>	<u>243,340</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(237,134)</u>	<u>(387,627)</u>
<b>Net current liabilities</b>		(148,447)	(144,287)
<b>Net (liabilities)/assets</b>		<u>(111,630)</u>	<u>(94,117)</u>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	12	(118,293)	(114,133)
Revaluation reserve	12	5,663	19,016
<b>Equity shareholders' funds</b>	11	<u>(111,630)</u>	<u>(94,117)</u>

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on **27 MAR 06** 2006 and were signed on its behalf by :

 H.E. Fitzgibbons  
Director

 D N Norwood  
Director



# Notes to the Financial Statements

At 31 December 2005

## 1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### a) Basis of Preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules modified by the inclusion of investments on a revalued basis.

### b) Turnover

Turnover represents Priority Profit Share received by the company from HATT III L.P. in the capacity of General Partner. Advance priority profit share (being the excess of the amount receivable under the partnership agreement and the amounts available for distribution in the accounts of the partnership) is included in turnover as, in the opinion of the directors, the advances will not become repayable to the partnership. In accordance with FRS 5 – Reporting the Substance of Transactions, the advance priority profit share debtors and creditors are netted off against each other in the company's balance sheet.

### c) Fixed Asset Investments

Fixed Asset Investments are valued at the company's share of net assets in these undertakings.

### d) Deferred Taxation

Full provision is made for deferred taxation at appropriate rates on all timing differences, in accordance with Financial Reporting Standard 19.

### e) Cash Flow Statement

Under Financial Reporting Standard 1 (Revised 1996), the company is not required to prepare a cashflow statement on the grounds that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group.

### f) Going concern

The accounts have been prepared on a going-concern basis although the continuing validity of this depends upon the financial support of the company's immediate parent company which the directors believe will continue, as they have received written assurances to that effect from the parent company.

## 2. Operating loss

	12 months 31 December 2005 £	9 months 31 December 2004 £
<b>Operating loss is stated after charging</b>		
Auditors' remuneration:		
Audit	2,128	1,704

## 3. Remuneration of directors

No director received remuneration from the company in the year (2004: nil).

## 4. Staff numbers and costs

The company had no employees in the year (2004: nil).

# Notes to the Financial Statements

## Continued

### 5. Other interest receivable and similar income

12 months 31 December 2005 £	9 months 31 December 2004 £
---------------------------------------	--------------------------------------

Bank interest receivable	-	129
--------------------------	---	-----

### 6. Taxation

12 months 31 December 2005 £	9 months 31 December 2004 £
---------------------------------------	--------------------------------------

Current tax charge	-	-
--------------------	---	---

Loss on ordinary activities before taxation	(4,160)	(9,831)
---	---------	---------

Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30%	(1,248)	(2,949)
--	---------	---------

#### Effects of:

Non-taxable income	(188,556)	(136,120)
--------------------	-----------	-----------

Share of partnership taxable income	3,544	2,567
-------------------------------------	-------	-------

Non-deductible expenses	-	73
-------------------------	---	----

Expenses as general partner	(2,274)	(4,537)
-----------------------------	---------	---------

Chargeable gains	117,566	36,472
------------------	---------	--------

Losses carried forward	70,968	104,494
------------------------	--------	---------

1,248	2,949
-------	-------

Current tax charge	-	-
--------------------	---	---

### 7. Fixed asset investments

Cost £	Total Valuation £
-----------	-------------------------

At 1 January 2005	99,746	50,170
-------------------	--------	--------

Revaluations in the year	-	(13,353)
--------------------------	---	----------

At 31 December 2005	99,746	36,817
---------------------	--------	--------

In the opinion of the directors the above investments in HATT III L.P. are worth at least the amount at which they are stated in the balance sheet.

# Notes to the Financial Statements

## Continued

### 8. Debtors

	12 months 31 December 2005 £	9 months 31 December 2004 £
Group Relief Receivable	85,236	85,236
Other Debtors	998	998
Amount owed from HATT III L. P.	2,149	152,350
	<u>88,383</u>	<u>238,584</u>

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

	12 months 31 December 2005 £	9 months 31 December 2004 £
Amounts owed to immediate parent undertaking	233,137	382,848
Amount owed to HATT III L. P.	-	-
Accruals	4,000	4,779
	<u>237,134</u>	<u>387,627</u>

### 10. Called up share capital

	12 months 31 December 2005 £	9 months 31 December 2004 £
<i>Authorised, called up and fully paid</i> 1,000 Ordinary shares of £1 each	1,000	1,000

### 11. Reconciliation of movements in shareholders' funds

	12 months 31 December 2005 £	9 months 31 December 2004 £
Loss for the financial year	(4,160)	(9,831)
Revaluation in the year	(13,353)	(5,894)
	<u>(17,513)</u>	<u>(15,725)</u>
Net reduction in shareholders' funds	(17,513)	(15,725)
Opening shareholders' funds	(94,117)	(78,392)
Closing shareholders' funds	<u>(111,630)</u>	<u>(94,117)</u>

# Notes to the Financial Statements

## Continued

### 12. Reserves

	Revaluation Reserve £	Profit and loss account £
At 1 January 2005	19,016	(114,133)
Retained loss for the financial year	-	(4,160)
Revaluations in the financial year	(13,353)	-
	<hr/>	<hr/>
At 31 December 2005	5,663	(118,293)
	<hr/>	<hr/>

### 13. Contingent liability and capital commitments

The company has no contingent liabilities (2004: £nil) and no capital commitments at the balance sheet date (2004: £nil).

### 14. Membership of qualifying British Partnerships

Under the Partnership and Unlimited Companies (Accounts) Regulations 1993, the company is exempt from the requirement to annex the accounts of the British partnerships of which the company is a member on the basis that the results and net assets of the partnerships are dealt with in Top Technology Ventures Limited's consolidated accounts.

The name and address of the registered office of the British partnership of which the company is a member is set out below:

**Name**  
HATT III L.P.

**Registered office**  
Warwick Court  
5 Paternoster Square  
London EC4M 7BP

### 15. Related party transactions under Financial Reporting Standard No. 8.

The partnership agreement provides that HATT III General Partner Limited shall act as General Partner of the partnership and is entitled to Priority Profit Share payments as described in note 1(b). It is also entitled to share the partnership profits and net proceeds of the realisation of investments and other partnership assets, after the repayment of the partners' loans pro rata to its capital contributions.

During the year ended 31 December 2005, £628,520 (2004: £456,412) was received from HATT III L.P. in the form of Priority Profit Share and £626,416 (2004: £453,733) was paid to Top Technology Ventures Limited in the form of Management Fees.

### 16. Ultimate holding company

As at 31 December 2005 the company's ultimate holding company was IP2IP0 Group Plc., based in the United Kingdom. The results of HATT III General Partner Limited are consolidated in the group accounts of IP2IP0 plc. as well as Top Technology Ventures Limited. These are the only groups of undertakings which include the results of HATT III General Partner Limited in their consolidated accounts.

Copies of the financial statements of IP2IP0 Plc., may be obtained from the following address:

Warwick Court  
5 Paternoster Square  
London, EC4M 7BP