

Gendaq Limited

Report and Financial Statements

31 December 2002



Gendaq Limited

Registered No: 3756817

Directors

Mr E Lanphier

Mr J W Larson

Secretary

Hale and Dorr Secretaries Limited

Auditors

Ernst & Young LLP

Compass House

80 Newmarket Road

Cambridge

CB5 8DZ

Bankers

Barclays Bank plc

28 Chesterton Road

Cambridge

CB4 3UT

Solicitors

Brobeck Hale & Dorr

Alder Caste

10 Noble Street

London

EC2V 7QS

Registered office

Fifth Floor

Alder Castle

10 Noble Street

London

EC2V 7QJ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities

All trading ceased in October 2002 when research projects were completed.

Directors

The directors who served the company during the year were as follows:

Mr E Lanphier

Mr J W Larson

There are no director's interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

On behalf of the board



Mr E Lanphier

Director
12 August 2005

Statement of directors' responsibilities in respect of the financial statements

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditors' report to the members of Gendaq Limited (continued)

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 applicable to small companies. 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 auditors' 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.

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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 applicable to small companies. 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 within it.

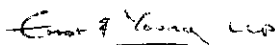
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


Ernst & Young LLP
Registered Auditor
Cambridge

17th August 2005

Profit and loss account

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	—	179,557
Administrative expenses		1,067,345	2,268,609
Other operating income		(128,445)	—
Operating loss	3	(938,900)	(2,089,052)
Bank interest receivable	5	73,214	86,242
Interest payable	6	2,511	(42,234)
		75,725	44,008
Loss on ordinary activities before taxation		(863,175)	(2,045,044)
Tax on loss on ordinary activities		(250,588)	—
Loss for the financial year		(612,587)	(2,045,044)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £612,587 attributable to the shareholders for the year ended 31 December 2002 (2001 - loss of £2,045,044).

Balance sheet

at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	7	—	258,586
Current assets			
Debtors	8	521,819	96,344
Cash at bank		1,589,416	2,912,851
		2,111,235	3,009,195
Creditors: amounts falling due within one year	9	49,668	496,285
Net current assets		2,061,567	2,512,910
Total assets less current liabilities		2,061,567	2,771,496
Creditors: amounts falling due after more than one year	10	—	97,342
		2,061,567	2,674,154
Capital and reserves			
Called up share capital	12	18,642	18,642
Share premium account	13	5,929,474	5,929,474
Profit and loss account	13	(3,886,549)	(3,273,962)
Equity shareholders' funds	13	2,061,567	2,674,154

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.



Mr E Lanphier
Director

12 August 2005

Notes to the financial statements

at 31 December 2002

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation.

Related parties transactions

The company is a wholly owned subsidiary of Sangamo Biosciences Inc., the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Sangamo Biosciences Inc. group.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant & Machinery - 20% - 33.3% per annum

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2002

1. Accounting policies (continued)

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover relates to a contribution towards research costs from the European Union.

3. Operating loss

This is stated after charging/(crediting):

	2002 £	2001 £
Auditors' remuneration- fees	7,500	6,652
Research and development expenditure written off	942,808	1,817,343
Depreciation of owned fixed assets	9,604	15,986
Depreciation of assets held under finance leases	35,214	71,526
	44,818	87,512
Loss on disposal of fixed assets	61,235	—
Operating lease rentals - plant and machinery	21,731	100,301
Net profit on foreign currency translation	(3,138)	—

4. Directors' emoluments

	2002 £	2001 £
Aggregate emoluments	—	110,178
	2002 No.	2001 No.
Members of money purchase pension schemes	—	2

Notes to the financial statements

at 31 December 2002

5. Interest receivable

	2002 £	2001 £
Bank interest receivable	<u>73,214</u>	<u>86,242</u>

6. Interest payable

	2002 £	2001 £
Bank interest payable	3	46
Finance leases and hire purchase contracts	<u>(2,514)</u>	<u>42,188</u>
	<u>(2,511)</u>	<u>42,234</u>

7. Tangible fixed assets

	<i>Plant & Machinery</i> £
Cost:	
At 1 January 2002	365,771
Disposals	<u>(365,771)</u>
At 31 December 2002	—
Depreciation:	
At 1 January 2002	107,185
Provided during the year	44,818
Disposals	<u>(152,003)</u>
At 31 December 2002	—
Net book value:	
At 31 December 2002	<u>—</u>
At 1 January 2002	<u>258,586</u>

The net book value of assets above includes an amount of £nil (2001 - £203,803) in respect of assets held under finance leases.

8. Debtors

	2002 £	2001 £
Amounts owed by group undertakings	343,673	—
Corporation tax repayable	178,146	—
Other debtors	—	96,344
	<u>521,819</u>	<u>96,344</u>

Notes to the financial statements

at 31 December 2002

9. Creditors: amounts falling due within one year

	2002	2001
	£	£
Obligations under finance leases (note 11)	—	85,838
Trade creditors	3,490	232,099
Corporation tax	—	8,000
Other taxes and social security costs	—	27,895
Other creditors	37,678	—
Accruals and deferred income	8,500	142,453
	<u>49,668</u>	<u>496,285</u>

10. Creditors: amounts falling due after more than one year

	2002	2001
	£	£
Obligations under finance leases (note 11)	<u>—</u>	<u>97,342</u>

11. Obligations under finance leases

The maturity of these amounts is as follows:

	2002	2001
	£	£
Amounts payable:		
Within one year	—	113,383
In two to five years	—	109,474
	<u>—</u>	<u>222,857</u>
Less: finance charges allocated to future periods	—	(39,677)
	<u>—</u>	<u>183,180</u>

12. Share capital

	2002	Authorised 2001
	£	£
Ordinary shares of £0.01 each	6,000	6,000
A Ordinary shares of £0.01 each	4,000	4,000
B Ordinary shares of £0.01 each	12,500	12,500
	<u>22,500</u>	<u>22,500</u>

	No.	2002 £	No.	2001 £
Ordinary shares of £0.01 each	375,000	3,750	375,000	3,750
A Ordinary shares of £0.01 each	250,000	2,500	250,000	2,500
B Ordinary shares of £0.01 each	1,239,228	12,392	1,239,228	12,392
		<u>18,642</u>		<u>18,642</u>

Notes to the financial statements

at 31 December 2002

13. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>account</i>	<i>holders' funds</i>
		<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2001	18,642	1,245,348	(1,228,918)	35,072
Loss for the year	—	—	(2,045,044)	(2,045,044)
New equity share capital subscribed	—	4,684,126	—	4,684,126
At 31 December 2001	18,642	5,929,474	(3,273,962)	2,674,154
Loss for the year	—	—	(612,587)	(612,587)
At 31 December 2002	18,642	5,929,474	(3,886,549)	2,061,567

14. Ultimate parent company

The company's immediate parent undertaking is Sangamo Biosciences Inc. registered in the United States of America. It has included the company in its group accounts, copies of which are available from 501 Canal Boulevard, Suite A100 Richmond, CA 94804.

In the directors' opinion, Sangamo Biosciences Inc. is also the company's ultimate parent undertaking.