Citigroup Capital Ventures UK Limited
(formerly NPI Ventures Limited)

Directors' report and financial statements

31 March 2009
Registered number 4388436

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Directors' report

for the year ended 31 March 2009

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Principal activities

Resulting from the sale various Nikko companies in Japan, NPI Ventures Limited changed its name on the 26 October 2009 to Citigroup Capital Ventures UK Limited.

Citigroup Capital Ventures UK Limited ("the Company") was formed in order to invest in a diverse portfolio of investments including established businesses and early-stage research and technology derived spin-out companies.

Business review and future development of the business

The Company made a loss after tax of £2,381,747 for the year ended 31 March 2009 (2008: loss of £469,036). The net assets of the Company are £748,102 as at 31 March 2009, a reduction of 76% from the net asset position as at 31 March 2008 of £3,129,849.

The after tax loss has increased as a result of reduced profit on sale of investments in comparison with the prior year. The reduction in the net asset position for the year arose as a result of increased provisions for impairment on the investments held. In view of the nature of the Company's activities, the Directors consider this result to be acceptable.

Citigroup Capital Ventures UK Limited has been committed to identifying and investing in any potentially profitable start up companies as identified by Imperial College and other institutions. However, the Company has suspended its acquisition activities following the acquisition of its ultimate parent company by Citigroup Inc. It is the intention of the directors to exit the existing investments over an appropriate period of time and to maximise realisable value for the shareholder.

The Directors note that the funding environment for early stage venture capital backed businesses has become very challenging impacting on the ongoing fund raising activities for investee companies.

Given the nature of the business, the Company's directors are of the opinion that an analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Going concern

The directors have carefully considered the adoption of the going concern basis of preparation of the financial statements of the Company. Citigroup Capital Ventures UK Limited continues to enjoy the support of its parent company in the form of funding provided to it and the directors consider that, the Company has access to sufficient funding to allow it meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

Dividend

The directors do not recommend the payment of a dividend (2008: no dividends paid).

Post balance sheet events

During November 2009, the company received £1.9 million in proceeds for the sale of shares in two investments which were listed on the Alternative Investment Market resulting in a loss of approximately £300,000 based on the book value shown at 31 March 2009.

Since the year-end a further impairment of £1,151,000 has been made against the investments.

Directors' report

for the year ended 31 March 2009 (continued)

Financial risk management

The nature of the Company's operations exposes it to a limited number of financial risks, primarily in relation to credit risk, liquidity risk and, interest rate cash flow risk.

The Company business plan does not lend itself to matching borrowing terms to investment terms, as it involves making short term borrowings from the parent company to fund investments with a three to five year investment horizon.

The principal risks facing the business are described below:

Credit risk

The Company has implemented policies that require appropriate understanding of the expected returns on capital invested. The amount of exposure to any individual counterparty is subject to a limit which is reassessed should additional funding be requested. The Company borrows solely from its parent company, and does not utilise external debt funding.

Liquidity risk

The Company is exposed to liquidity risk as all its borrowings are short term and therefore are not matched to the term of the investments, as the investments are expected to be held for 3 to 5 years. The Company mitigates this risk as it does not utilise third party finance, but borrows solely from its parent company.

Interest rate cash flow risk

The Company is exposed to interest rate cash flow risk as it has interest bearing liabilities, which are entirely at a variable rate, but it does not have matching interest bearing assets. The Company does not use derivative financial instruments to manage interest rate costs, although the directors will revisit the appropriateness of this policy should the Company's operations change significantly in size or nature.

Directors and directors' interests

The directors who held office during the year, together with subsequent changes, were as follows:

Brian Berry	(resigned 12 May 2008)
Simon Oakland	(resigned 15 May 2008)
Quentin Zentner	(resigned 9 June 2008)
Tomoko Fujita	(appointed 15 May 2008)
James Totty	(appointed 4 June 2008; resigned 12 May 2009)
Peter Norris	(appointed 01 June 2009)
John Soden	(appointed 01 June 2009)

Directors' report

for the year ended 31 March 2009 (continued)

Company Secretary

The Company secretaries who held office during the year were:

John Beck	(resigned 26 March 2009)
Simon Cumming	(appointed 31 March 2009)

Political and charitable donations

The Company made no political contributions or donations to UK charities during the year (2008: £nil).

Statement of disclosure of information to auditors

The directors confirm that:

(a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Principal place of business

The Company is managed and controlled in the UK. The office of the Company and the location of the board meetings throughout the year was 100 Pall Mall, London SW1Y 5NN. From 16 April 2009, the registered address of the Company was moved to Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The trading address remains as 100 Pall Mall, London, SW1Y 5NN.

Auditors

PricewaterhouseCoopers resigned as auditors on 22 May 2009. KPMG Audit Plc was appointed on 22 May 2009.

By order of the board

Simon Cumming
Secretary to Citigroup Capital Ventures UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB
18 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• make judgments and estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

T Fujita
Director

18 December 2009

INDEPENDENT AUITORS' REPORT TO THE MEMBERS OF CITIGROUP CAPITAL VENTURES UK LIMITED

We have audited the financial statements of Citigroup Capital Ventures UK Limited for the year ended 31 March 2009 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.

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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITIGROUP CAPITAL VENTURES UK LIMITED (continued)

Opinion

In our opinion:
• the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
22 **December 2009**

Citigroup Capital Ventures UK Limited
Profit and loss account

for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Investment loss	2	**(2,190)**	(193)
Administrative expenses		**(32)**	(40)
Operating loss		**(2,222)**	(233)
Interest receivable and similar income	6	**1**	65
Interest payable and similar charges	7	**(160)**	(301)
Loss on ordinary activities before taxation	8	**(2,381)**	(469)
Taxation on loss on ordinary activities	9	**-**	-
Loss on ordinary activities after taxation		**(2,381)**	(469)
Retained loss for the year	14	**(2,381)**	(469)

The results above all relate to ordinary continuing activities.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the years stated above and their historical cost equivalents.

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

The notes on pages 11 to 19 form part of these financial statements.

Citigroup Capital Ventures UK Limited
Balance sheet
at 31 March 2009

	Note	2009	2009	2008	2008
		£000		£000	
Fixed assets					
Investments	*10*		**3,817**		6,388
Current assets					
Debtors : amounts falling due within one year	*11*	**1**		1	
Cash at bank and in hand		**133**		152	
		134		153	
Creditors: amounts falling due within one year	*12*	**(3,202)**		(3,411)	
Net current liabilities			**(3,068)**		(3,258)
Net assets			**749**		3,130
Capital and reserves – Equity					
Called up share capital	*13*		**410**		410
Capital contribution reserve	*14*		**2,340**		2,340
Profit and loss account reserve	*14*		**(2,001)**		380
Total shareholder's funds	*15*		**749**		3,130

The financial statements on pages 9 to 19 were approved by the board of directors on 18 December 2009 and signed on its behalf by:

T Fujita
Director

The notes on pages 11 to 19 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2009

1 Accounting policies

These accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, and with applicable Accounting Standards issued by the Accounting Standards Board. The following paragraphs describe the main policies.

Going concern

The directors have carefully considered the adoption of the going concern basis of preparation of the financial statements of the Company. Citigroup Capital Ventures UK Limited continues to enjoy the support of its parent company in the form of funding provided to it and the directors consider that, the Company has access to sufficient funding to allow it meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

Investment income

Investment income includes net profits and losses from disposal of investments less provisions made during the year for the diminution of value of investments held.

Investment income has been disclosed instead of turnover as this reflects more meaningfully the nature and the results of the Company's activities.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Investments

All investments that are acquired with the intention of holding them for the long term or to maturity are treated as fixed asset investments, and are valued at cost less provision for permanent diminution in value. Investments in early stage research and technology derived spin-off companies are included in this classification.

All other investments are treated as current asset investments and are valued at the lower of cost or net realisable value.

The intention of holding each asset is regularly reviewed and if appropriate, the investment classification altered accordingly.

Diminution

Diminution provisions are recognised where, in the directors' opinion, the recoverable value of the investments is lower than cost and is expected to remain so for the long term. The recoverable value of the investment is calculated using a discounted average share price for listed investments, and the price of recent investments at funding rounds close to the year end for other relevant investments. Where there have not been recent funding rounds, the performance and market of the investee company is considered in the calculation of any impairment. General provisions in addition to specific provisions are made to reflect the highly speculative nature of the portfolio. Significant judgement on the part of the directors is required.

Notes to the financial statements

for the year ended 31 March 2009

1 Accounting policies (continued)

Cashflow statement

The Company is a wholly owned subsidiary of Citigroup Capital UK Limited (formerly Nikko Principal Investments Limited) and is included in the consolidated financial statements of Citigroup Capital Hold Co UK Limited (formerly NPIL Hold Co Limited), which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

2 Investment (loss) / income

	2009	2008
	£000	£000
Profit on sale of fixed asset investments	**133**	2,503
Provisions for diminution in value of investments	**(2,323)**	(2,708)
Fees earned	**-**	12
	(2,190)	(193)

3 Segmental reporting

All significant business transactions concluded by the Company are conducted with companies that are resident in the UK and the directors are of the opinion that the Company's activities constitute a single business.

4 Directors' emoluments

The directors received no emoluments in respect of their services to the Company during the year (2008: nil). The directors are employed by another group company and their services to this Company are considered to be incidental to those services and any allocation of emoluments is not considered to be meaningful.

Notes to the financial statements

for the year ended 31 March 2009

5 Employee information

No staff were employed by the Company during the year (2008: nil). Services were rendered by group employees without recharge.

6 Interest receivable and similar income

	2009	2008
	£000	£000
Interest received from outside the group – bank deposit	**1**	60
Interest received from outside the group – other	**-**	5
	1	65

7 Interest payable and similar charges

	2009	2008
	£000	£000
Interest payable to parent company	**160**	301

Refer to note 12 for further information.

Notes to the financial statements
for the year ended 31 March 2009

8 Loss on ordinary activities before taxation

	2009 £000	2008 £000
This is stated after charging :		
Auditors remuneration (see below)	**29**	16

	2009 £000	2008 £000
Services provided by the Company's auditors and network firms		
During the year the Company obtained the following services from the Company's auditors and its associates:		
Fees payable to the Company auditors for audit services in current year	**13**	-
Services provided by the Company's previous auditors and network firms		
Fees payable to the Company's previous auditors for audit services	**-**	13
Fees payable to the Company's previous auditors for other services:		
Tax services in current year	**16**	3
	29	16

The Company's previous auditor was PricewaterhouseCoopers

9 Taxation on loss on ordinary activities

Analysis of charge during the year:

	2009 £000	2008 £000
United Kingdom		
Corporation tax at 28% (2008: 30%)	**-**	-
	-	-

Notes to the financial statements
for the year ended 31 March 2009

9 Taxation on loss on ordinary activities (continued)

	2009 **£000**	2008 £000
Loss on ordinary activities before tax	**(2,381)**	(469)
Loss on ordinary activities multiplied by the standard tax rate of corporation tax in the UK of 28% (2008: 30%)	**(667)**	(141)
Effects of :		
Expenses not deductible for tax purposes	**-**	6
Interest payable on loan, not deductible for tax purposes	**45**	90
Provisions for diminution in value of investments	**650**	812
Losses carried forward	**9**	-
Accounting gain not assessable on sale of investments	**(37)**	(751)
Group relief utilised for no payment	**-**	(16)
Current tax charge for the year	**-**	-

A deferred tax asset of £1.7 million (2008: £1.8 million) has not been recognised as its recoverability from future taxable profit cannot be assessed with sufficient certainty. The standard rate of corporation tax changed in the UK from 30% to 28% with effect from 1 April 2008 and this had the effect of reducing the deferred tax asset by £122k.

The Company is currently discussing with HMRC certain UK transfer pricing matters, which may result in an adjustment to prior year carried forward tax losses. The Company has not recognised a deferred tax asset in respect of tax losses and hence an adjustment should not impact prior year current or deferred tax balances

Notes to the financial statements
for the year ended 31 March 2009

10 Fixed asset investments

	2009	2008
	£000	£000
Cost		
At 1 April	**10,450**	11,199
Additions	**-**	630
Disposals	**(255)**	(629)
Write-offs during the year	**-**	(750)
At 31 March	**10,195**	10,450
Provision for diminution		
At 1 April	**4,062**	2,104
Charge for the year	**2,323**	2,708
Disposals	**(7)**	-
Write-offs during the year	**-**	(750)
At 31 March	**6,378**	4,062
Net book value	**3,817**	6,388

Fixed asset investments comprise listed and unlisted investments. The listed investments, with a cost of £4,646,383 (2008: £4,651,232), are listed on the Alternative Investment Market and had a market value of £3,099,476 at 31 March 2009 (2008: £3,673,303).

The investments comprise holdings in a number of venture capital and spin-out companies in the bio-science sector in which the Company has holdings ranging from 1% to 41%. All companies are incorporated in the UK.

11 Debtors: amounts falling due within one year

	2009	2008
	£000	£000
Amounts due from parent company	**1**	1
	1	1

Notes to the financial statements
for the year ended 31 March 2009

12 Creditors: amounts falling due within one year

	2009 **£000**	2008 £000
Amount due to parent company	**3,187**	3,395
Other creditors	**15**	16
	3,202	3,411

Amount due to parent company is unsecured, repayable on demand and bears interest at 0.75% above LIBOR (2008: interest at 0.75% above LIBOR).

13 Called up share capital

	2009 **£000**	2008 £000
Authorised		
100,000,000 ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
410,002 ordinary shares of £1 each	**410**	410

14 Reserves

	Capital Contribution Reserve £000	**Profit and loss account £000**
At 1 April 2008	**2,340**	**380**
Retained loss for the year	**-**	**(2,381)**
At 31 March 2009	**2,340**	**(2,001)**

Capital contributions of £740,000 and £1,600,000 were made by the parent company during 2003 and 2004 respectively, in order for the Company to finance its investments.

Notes to the financial statements
for the year ended 31 March 2009

15 Reconciliation of movements in shareholder's funds

	2009	2008
	£000	£000
At 1 April	**3,130**	3,599
Loss for the year	**(2,381)**	(469)
Shareholder's funds at 31 March	**749**	3,130

16 Capital and other commitments

Contracts placed for future commitments not provided in the financial statements at 31 March 2009 amount to £nil (2008: £nil).

17 Contingent liabilities

The Company had no contingent liabilities at 31 March 2009 (2008: £nil).

18 Related party transactions

As 100% of the Company's voting rights are controlled by Citgroup Capital UK Limited, formerly Nikko Principal Investments Limited, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

19 Parent and controlling undertaking

Name	**Country of incorporation**	**Address from where group accounts are obtainable**
Immediate Parent Company		
Citigroup Capital UK Limited (formerly Nikko Principal Investments Limited)	United Kingdom	Citigroup Centre, Canada Square Canary Wharf, London, E14 5LB
Intermediate Holding Company		
Citigroup Capital Hold Co UK Limited (formerly NPIL Hold Co Limited)	United Kingdom	Citigroup Centre, Canada Square Canary Wharf, London, E14 5LB
Ultimate Parent Company		
Citigroup Inc.	United States	399 Park Avenue, New York NY10043

Notes to the financial statements
for the year ended 31 March 2009

19 Parent and controlling undertaking (continued)

The parent undertaking of the smallest group of undertakings that presents consolidated financial statements including the results of the Company is Citigroup Capital Hold Co UK Limited, a Company registered in England & Wales.

Copies of the financial statements for Citigroup Capital Hold Co UK Limited are available from the Company Secretary at the above address. Copies of the financial statements for Citigroup Inc. are available on request at the above address.

20 Post balance sheet events

During November 2009, the company received £1.9 million in proceeds for the sale of shares in two investments which were listed on the Alternative Investment Market resulting in a loss of approximately £300,000 based on the book value shown at 31 March 2009.

Since the year-end a further impairment of £1,151,000 has been made against the investments.