

**Citigroup Capital Ventures UK Limited
Directors' report and financial statements**

31 March 2010
Registered number 4388436

TUESDAY



A5HS8PQB
A06 07/12/2010 310
COMPANIES HOUSE

Contents

Directors' report	3-5
Statement of directors' responsibilities	6
Auditors' report	7-8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11-19

Directors' report

for the year ended 31 March 2010

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

Principal activities

Resulting from the sale of 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 £460,400 for the year ended 31 March 2010 (2009 loss of £2,381,747). The net assets of the Company are £287,702 as at 31 March 2010, which is a reduction of 62% from the net asset position as at 31 March 2009 of £748,102.

The after tax loss has decreased as a result of a decrease in the provisions for diminution of investments, as well as an increase in the profit on sales 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 KPIs 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 to 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 (2009 no dividends paid).

Post balance sheet events

The Company received an additional £24,919 during June 2010 as deferred consideration from the sale of an unlisted investment which completed December 2008.

Directors' report

for the year ended 31 March 2010 (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

Principal risk

The principal risk facing the business is the recoverability of the remaining assets. Other 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 were as follows

Tomoko Fujita
Peter Norris
John Soden

Company Secretary

The Company secretary who held office during the year was

Simon Cumming

Directors' report

for the year ended 31 March 2010 (continued)

Political and charitable donations

The Company made no political contributions or donations to UK charities during the year (2009 £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.

By order of the board



Simon Cumming
Secretary to Citigroup Capital Ventures UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB
6 August 2010

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)

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 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 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 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
6 August 2010

INDEPENDENT AUDITORS' 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 2010. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.

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

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



M Heath (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

KPMG Audit Plc
15 Canada Square
Canary Wharf
London E14 5GL
6 August 2010

Citigroup Capital Ventures UK Limited

Profit and loss account

for the year ended 31 March 2010

	<i>Note</i>	2010 £000	2009 £000
Investment loss	2	(398)	(2,190)
Administrative expenses		(29)	(32)
Operating loss		(427)	(2,222)
Interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(34)	(160)
Loss on ordinary activities before taxation	8	(461)	(2,381)
Taxation on loss on ordinary activities	9	-	-
Loss on ordinary activities after taxation		(461)	(2,381)
Loss for the year	14	(461)	(2,381)

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 2010

	<i>Note</i>	2010 £000	2009 £000
Fixed assets			
Investments	<i>10</i>	1,094	3,817
Current assets			
Debtors amounts falling due within one year	<i>11</i>	-	1
Cash at bank and in hand		1	133
		<u>1</u>	<u>134</u>
Creditors amounts falling due within one year	<i>12</i>	(807)	(3,202)
Net current liabilities		(806)	(3,068)
Net assets		288	749
Capital and reserves – Equity			
Called up share capital	<i>13</i>	410	410
Capital contribution reserve	<i>14</i>	2,340	2,340
Profit and loss account reserve	<i>14</i>	(2,462)	(2,001)
Total shareholder's funds	<i>15</i>	288	749

The financial statements on pages 9 to 19 were approved by the board of directors on 6 August 2010 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 2010

1 Accounting policies

These accounts have been prepared under the historical cost convention and in accordance with the Companies Act 2006 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 to 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 2010 (continued)

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 Investments UK Limited (2009 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

	2010	2009
	£000	£000
Profit on sale of fixed asset investments	752	133
Provisions for diminution in value of investments	(1,150)	(2,323)
	<u>(398)</u>	<u>(2,190)</u>

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 (2009 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 2010 (continued)

5 Employee information

No staff were employed by the Company during the year (2009: nil). Services were rendered by group employees without recharge.

6 Interest receivable and similar income

	2010 £000	2009 £000
Interest received from outside the group – bank deposit	-	1
	<u>-</u>	<u>1</u>

7 Interest payable and similar charges

	2010 £000	2009 £000
Interest payable to parent company	34	160
	<u>34</u>	<u>160</u>

Refer to note 12 for further information

Notes to the financial statements
for the year ended 31 March 2010 (continued)

8 Loss on ordinary activities before taxation

	2010 £000	2009 £000
This is stated after charging		
Auditors' remuneration (see below)	14	29
	<u>14</u>	<u>29</u>

	2010 £000	2009 £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	14	13
---	----	----

Services provided by the Company's previous auditors and network firms

Fees payable to the Company's previous auditors for other services

Fax services in current year	-	16
------------------------------	---	----

	<u>14</u>	<u>29</u>
--	-----------	-----------

The Company's previous auditor was PricewaterhouseCoopers

9 Taxation on loss on ordinary activities

Analysis of charge during the year

	2010 £000	2009 £000
United Kingdom		
Corporation tax at 28% (2009 28%)	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements
for the year ended 31 March 2010 (continued)

9 Taxation on loss on ordinary activities (continued)

	2010	2009
	£000	£000
Loss on ordinary activities before tax	(461)	(2,381)
Loss on ordinary activities multiplied by the standard tax rate of corporation tax in the UK of 28% (2009 28%)	(129)	(667)
Effects of		
Expenses not deductible for tax purposes	3	-
Interest payable on loan not deductible for tax purposes	10	45
Provisions for diminution in value of investments	322	650
Loss available for group relief	5	9
Accounting gain not assessable on sale of investments	(211)	(37)
Current tax charge for the year	-	-

A deferred tax asset of £1.7 million (2009 £1.7 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 £122,000.

Notes to the financial statements
for the year ended 31 March 2010 (continued)

10 Fixed asset investments

	2010	2009
	£000	£000
Cost		
At 1 April	10,195	10,450
Disposals	(5,046)	(255)
	<hr/>	<hr/>
At 31 March	5,149	10,195
	<hr/>	<hr/>
Provision for diminution		
At 1 April	6,378	4,062
Charge for the year	1,150	2,323
Disposals	(3,473)	(7)
	<hr/>	<hr/>
At 31 March	4,055	6,378
	<hr/>	<hr/>
Net book value	1,094	3,817
	<hr/>	<hr/>

Fixed asset investments as at 31 March 2010 comprise unlisted investment only. Fixed asset investments as at 31 March 2009 comprised both listed and unlisted investments. The listed investments, all listed on the Alternative Investment Market, were disposed of by 31 March 2010, and had a cost of £4,646,383 and a market value of £3,099,476 at 31 March 2009.

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

	2010	2009
	£000	£000
Amounts due from parent company	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>

Notes to the financial statements
for the year ended 31 March 2010 (continued)

12 Creditors amounts falling due within one year

	2010	2009
	£000	£000
Amount due to parent company	789	3,187
Other creditors	18	15
	<u>807</u>	<u>3,202</u>

Amount due to parent company is unsecured, repayable on demand and bears interest at 0.75% above LIBOR (2009 interest at 0.75% above LIBOR)

13 Called up share capital

	2010	2009
	£000	£000
<i>Authorised</i>		
100,000,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
410,002 ordinary shares of £1 each	<u>410</u>	<u>410</u>

14 Reserves

	Capital Contribution Reserve £000	Profit and loss account £000
At 1 April 2009	2,340	(2,001)
Loss for the year	-	(461)
At 31 March 2010	<u>2,340</u>	<u>(2,462)</u>

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 2010 (continued)

15 Reconciliation of movements in shareholder's funds

	2010	2009
	£000	£000
At 1 April	749	3 130
Loss for the year	(461)	(2 381)
Shareholder's funds at 31 March	288	749

16 Capital and other commitments

Contracts placed for future commitments not provided in the financial statements at 31 March 2010 amount to £nil (2009 £nil)

17 Contingent liabilities

The Company had no contingent liabilities at 31 March 2010 (2009 £nil)

18 Related party transactions

As 100% of the Company's voting rights are controlled by Citigroup 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
<i>Immediate Parent Company</i>		
Citigroup Capital UK Limited	United Kingdom	Citigroup Centre, Canada Square Canary Wharf, London, E14 5LB
<i>Intermediate Holding Company</i>		
Citigroup Capital Investments UK Limited (until 30 March 2010 Citigroup Capital Hold Co UK Limited formerly NPIL Hold Co Limited)	United Kingdom	Citigroup Centre, Canada Square Canary Wharf, London, E14 5LB
<i>Ultimate Parent Company</i>		
Citigroup Inc	United States	399 Park Avenue, New York NY10043

Notes to the financial statements
for the year ended 31 March 2010 (continued)

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 Investments UK Limited, a Company registered in England & Wales

Copies of the financial statements for Citigroup Capital Investments 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

The Company received an additional £24 919 during June 2010 as deferred consideration from the sale of an unlisted investment which completed December 2008.