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**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004  
FOR  
CAPITAL INDEX INVESTMENTS LTD**



**CAPITAL INDEX INVESTMENTS LTD**

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FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

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**CAPITAL INDEX INVESTMENTS LTD**  
**COMPANY INFORMATION**  
**FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

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**DIRECTORS:**

J R B Newlands  
A H Bengier

**SECRETARY:**

J A Ensor

**REGISTERED OFFICE:**

Ludwell House  
2 Guildford Street  
Chertsey  
Surrey  
KT16 9BQ

**REGISTERED NUMBER:**

5093936

**AUDITORS:**

Bridgen Watkins & Wainwright  
10 Dashwood Avenue  
High Wycombe  
Buckinghamshire  
HP12 3DN

# **CAPITAL INDEX INVESTMENTS LTD**

## **REPORT OF THE DIRECTORS FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

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The directors present their report with the financial statements of the company for the period 5 April 2004 to 30 September 2004.

### **INCORPORATION**

The company was incorporated on 5 April 2004 and commenced trading on the same date.

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of the holding of trade investments.

### **REVIEW OF BUSINESS**

The results for the period and financial position of the company are as shown in the annexed financial statements.

The company acquired shareholdings in certain companies during the period. A small amount of dividend income was received.

### **DIVIDENDS**

No dividends will be distributed for the period ended 30 September 2004.

### **DIRECTORS**

The directors during the period under review were:

J R B Newlands	- appointed 5.4.04
H T Morshead	- appointed 5.4.04

The directors holding office at 30 September 2004 did not hold any beneficial interest in the issued share capital of the company at date of appointment or 30 September 2004.

H T Morshead resigned as a director of the company on 29 December 2004 and A H Bengner was appointed on that date.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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;
- 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 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.

**CAPITAL INDEX INVESTMENTS LTD**


**REPORT OF THE DIRECTORS  
FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

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**AUDITORS**

The auditors, Bridgen Watkins & Wainwright, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



J R B Newlands - Director  
29 December 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
CAPITAL INDEX INVESTMENTS LTD**

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We have audited the financial statements of Capital Index Investments Ltd for the period ended 30 September 2004 on pages five to eleven. These financial statements have been prepared under the historical cost convention and 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 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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. We also report to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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 the company's affairs as at 30 September 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Bridgen Watkins & Wainwright  
10 Dashwood Avenue  
High Wycombe  
Buckinghamshire  
HP12 3DN

Date: 6<sup>th</sup> February 2005

**CAPITAL INDEX INVESTMENTS LTD**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

	Notes	£
<b>TURNOVER</b>		-
Administrative expenses		<u>125</u>
<b>OPERATING LOSS</b>	3	(125)
Income from fixed asset investments	4	<u>625</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>500</b>
Tax on profit on ordinary activities	5	<u>-</u>
<b>PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<u><b>500</b></u>
<b>RETAINED PROFIT FOR THE PERIOD</b>		<u><b>500</b></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current period.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current period.

The notes form part of these financial statements

**CAPITAL INDEX INVESTMENTS LTD**

**BALANCE SHEET  
30 SEPTEMBER 2004**

	Notes	£	£
<b>FIXED ASSETS</b>			
Investments	6		14,900
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>14,300</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(14,300)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><u>600</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8		100
Profit and loss account	9		<u>500</u>
<b>SHAREHOLDERS' FUNDS</b>	11		<u><u>600</u></u>

**ON BEHALF OF THE BOARD:**

  
J R B Newlands - Director

Approved by the Board on 29 December 2004

The notes form part of these financial statements



**CAPITAL INDEX INVESTMENTS LTD**

**CASH FLOW STATEMENT  
FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

	Notes	£
<b>Net cash inflow from operating activities</b>	1	-
<b>Returns on investments and servicing of finance</b>	2	625
<b>Capital expenditure and financial investment</b>	2	(14,900)
		<u>(14,275)</u>
<b>Financing</b>	2	<u>14,275</u>
<b>Increase in cash in the period</b>		<u>-</u>
<hr/>		
<b>Reconciliation of net cash flow to movement in net debt</b>	3	
<b>Increase in cash in the period</b>		<u>-</u>
<b>Change in net debt resulting from cash flows</b>		<u>-</u>
<b>Movement in net debt in the period</b>		<u>-</u>
<b>Net debt at 5 April</b>		<u>-</u>
<b>Net debt at 30 September</b>		<u>-</u>

The notes form part of these financial statements

**CAPITAL INDEX INVESTMENTS LTD**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	£
Operating loss	(125)
Increase in creditors	125
	<u>          </u>
<b>Net cash inflow from operating activities</b>	<b><u>          </u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	£
<b>Returns on investments and servicing of finance</b>	
Dividends received	625
	<u>          </u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>          </u></b>
 <b>Capital expenditure and financial investment</b>	
Purchase of fixed asset investments	(14,900)
	<u>          </u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>          </u></b>
 <b>Financing</b>	
Funds provided by group undertakings	14,175
Share issue	100
	<u>          </u>
<b>Net cash inflow from financing</b>	<b><u>          </u></b>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 5.4.04 £	Cash flow £	At 30.9.04 £
Net cash:			
Cash at bank and in hand	<u>          </u>	<u>          </u>	<u>          </u>

The notes form part of these financial statements

**CAPITAL INDEX INVESTMENTS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

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**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Fixed asset investments**

Trade investments held as fixed assets are stated at cost.

**2. STAFF COSTS**

There were no staff costs for the period ended 30 September 2004.

The average monthly number of employees during the period was as follows:

Management and administration	2
	<u>          </u>

**3. OPERATING LOSS**

The operating loss is stated after charging:

Auditors remuneration	£ 125
	<u>          </u>
Directors' emoluments	-
	<u>          </u>

**4. INCOME FROM FIXED ASSET INVESTMENTS**

Dividends received	£ 625
	<u>          </u>

**5. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period.

**6. FIXED ASSET INVESTMENTS**

	<b>Unlisted investments</b>
	<b>£</b>
<b>COST</b>	
Additions	14,900
	<u>          </u>
At 30 September 2004	14,900
	<u>          </u>
<b>NET BOOK VALUE</b>	
At 30 September 2004	14,900
	<u>          </u>

**CAPITAL INDEX INVESTMENTS LTD**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

**6. FIXED ASSET INVESTMENTS - continued**

The following trade investments were held at 30 September 2004:

500,000 ordinary shares of 1/2p each in InteractivHealth plc at a cost of £624. These shares had a public placement price of 24p per share.

1,052,632 ordinary shares of 1/4p each in Trevor Baylis Brands plc at a cost of £2,632. These shares had a public placement price of 15p per share.

1,164,500 ordinary shares of 1p each in Unitflow plc at a cost of £11,645. These shares had a public placement price of 16.5p per share.

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Amounts owed to group undertakings	14,175
Accrued expenses	125
	<u>14,300</u>

**8. CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	£
1,000,000	Ordinary	£1	<u>1,000,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
100	Ordinary	£1	<u>100</u>

100 ordinary shares of £1 each were issued at par on incorporation.

**9. RESERVES**

	<b>Profit and loss account</b>
	<b>£</b>
Retained profit for the period	<u>500</u>
At 30 September 2004	<u>500</u>

**10. ULTIMATE PARENT COMPANY**

The ultimate parent company is Capital Index Group plc, a company incorporated in the UK.

**CAPITAL INDEX INVESTMENTS LTD**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 5 APRIL 2004 TO 30 SEPTEMBER 2004**

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**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>£</b>
Profit for the financial period	<b>500</b>
Issue of shares	<b>100</b>
	<hr/>
<b>Net addition to shareholders' funds</b>	<b>600</b>
Opening shareholders' funds	<b>-</b>
	<hr/>
<b>Closing shareholders' funds</b>	<b>600</b>
	<hr/>
Equity interests	<b>600</b>
	<hr/>