

**Bloodstone Ventures Plc**  
**Report and financial statements**  
**30 June 2008**



**MGR Audit Limited**  
*Chartered Accountants  
and Registered Auditors*  
55 Loudoun Road  
St John's Wood  
London NW8 0DL

Company Registration No 6124835  
(England and Wales)

**Bloodstone Ventures Plc**  
**Annual report and accounts**  
**For the period ended 30 June 2008**

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**Company information**

<b>Directors</b>	Sandra Panem Julian Lee Paul Leibowitz Claude Nash III
<b>Secretary</b>	Scrip Secretaries Limited
<b>Company number</b>	6124835
<b>Registered office</b>	17 Hanover Square London W1S 1HU
<b>Registered auditors</b>	MGR Audit Limited 55 Loudoun Road St John's Wood London NW8 0DL
<b>Business address</b>	4th Floor 70-71 New Bond Street London

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**Bloodstone Ventures Plc**  
**Report and financial statements**  
**For the period ended 30 June 2008**

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**Bloodstone Ventures Plc**  
**Directors' report**  
**For the period ended 30 June 2008**

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The directors present their report and financial statements for the period ended 30 June 2008

**Directors**

The following directors have held office since 22 February 2007

Sandra Panem	(Appointed 6 December 2007)
Julian Lee	(Appointed 18 October 2007)
Paul Leibowitz	(Appointed 23 February 2007)
Claude Nash III	(Appointed 23 February 2007)
Chris Laundy	(Appointed 23 February 2007 and resigned 12 October 2007)
David Smith	(Appointed 22 February 2007 and resigned 23 February 2007)
Sonalı Suchak	(Appointed 22 February 2007 and resigned 23 February 2007)

**Principal activities and review of the business**

The principal activity of the Company is commercialisation of intellectual property (IP) that is developed at universities and other research institutions

The Company was incorporated on the 22nd February 2007 and began trading on 23 February 2007

This was the first period of trading and the Group has had good overall progress across the business

During the period the Company signed agreements with three universities in North America as well as a state-sponsored technology group. These agreements have delivered a large number of technologies for Bloodstone to review, with a view to licensing several of these, each license will then be the subject of a new Company.

Bloodstone Ventures Inc, a wholly owned subsidiary of the Company was formed in November 2007. Under an agreement with the Company, Bloodstone Ventures Inc provides advisory services including technology review, business development and technology development.

The company completed a Series A financing during the period to fund our university relationships, hire key personnel and for technology review expense.

**Bloodstone Ventures Plc**  
**Directors' report**  
**For the period ended 30 June 2008**

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**Principal risks and uncertainties**

The group, through its operations, is exposed to a number of risks

The Company requires additional capital to continue to trade and is in the process of securing a Series B financing

The funding of each early stage technology company in the Company's portfolio is subject to the risks associated with early stage investments in general. These include the ability to secure second round funding, the impact of competing technologies entering the market and the risk the technology will fail. In some cases the ability to succeed will be dependant upon regulatory approval for certain trials to proceed.

The group mitigates these risks in a number of ways

The Group has engaged Pali Capital, Inc, an international investment bank, to secure a Series B institutional financing

The directors of the Group collectively have many periods of experience in sourcing, developing and investing in early stage technology companies and then growing these to significant value

A very thorough and detailed review process has been set up to review all new technologies which are shown to us by the universities

Highly skilled and experienced individuals are recruited to manage each project

At the period end we were in a healthy position to continue further funding of the Universities we have contracts with. Of the technologies reviewed during the period, two have now been optioned.

The Series B financing is to take place in the Fall, the successful conclusion of which will permit the Company to continue to trade, expand its university base, review technologies and invest in a number of technologies

Total cash available at period end £135,287

Number of technology review agreements signed 4

Number of options over technologies signed 2

Number of new companies formed 0

**Results and dividends**

The consolidated profit and loss account for the period is set out on page 6

**Auditors**

MGR Audit Limited were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting subject to a written resolution.

**Bloodstone Ventures Plc**  
**Directors' report**  
**For the period ended 30 June 2008**

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**Directors' responsibilities**

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group 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 group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



**Julian Lee**

Director

19 September 2008

**Bloodstone Ventures Plc**  
**Independent auditors' report**  
**To the shareholders of Bloodstone Ventures Plc**

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We have audited the group and parent company financial statements (the "financial statements") of Bloodstone Ventures Plc for the period ended 30 June 2008 set out on pages 6 to 19. 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 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**

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

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

**Bloodstone Ventures Plc**  
**Independent auditors' report**  
**To the shareholders of Bloodstone Ventures Plc**

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**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 group's and parent company's affairs as at 30 June 2008 and of the group's loss for the period 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



**MGR Audit Limited**

Chartered Accountants and

Registered Auditors

St John's Wood

London

NW8 0DL

22 September 2008



**Bloodstone Ventures Plc**  
**Consolidated profit and loss account**  
**For the period ended 30 June 2008**

	Notes	Period ended 30 June 2008 £
Administrative expenses		(574,439)
<b>Operating loss</b>	<b>2</b>	<b>(574,439)</b>
Other interest receivable and similar income		6
Interest payable and similar charges	<b>3</b>	(8,123)
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	<b>(582,556)</b>
Tax on loss on ordinary activities	<b>4</b>	(2,065)
<b>Loss on ordinary activities after taxation</b>		<b>(584,621)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

**Bloodstone Ventures Plc**  
**Statement of recognised gains and losses**  
**For the period ended 30 June 2008**

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	Period ended 30 June 2008 £
Loss for the financial period	(584,621)
Currency translation differences on foreign currency net investments	(210)
Total recognised gains and losses relating to the period	<u>(584,831)</u>

# Bloodstone Ventures Plc

## Balance sheets

As at 30 June 2008

	Notes	Group 2008 £	Company 2008 £
<b>Fixed assets</b>			
Tangible assets	6	1,058	1,058
Investments	7	-	500
		<u>1,058</u>	<u>1,558</u>
<b>Current assets</b>			
Debtors	8	11,536	11,536
Cash at bank and in hand		135,287	121,482
		<u>146,823</u>	<u>133,018</u>
Creditors amounts falling due within one year	9	(174,661)	(167,382)
<b>Net current liabilities</b>		<u>(27,838)</u>	<u>(34,364)</u>
<b>Total assets less current liabilities</b>		<u>(26,780)</u>	<u>(32,806)</u>
Creditors amounts falling due after more than one year	10	(62,364)	(62,364)
		<u>(89,144)</u>	<u>(95,170)</u>
<b>Capital and reserves</b>			
Called up share capital	11	3,679	3,679
Share premium account	12	492,008	492,008
Profit and loss account	12	(584,831)	(590,857)
<b>Shareholders' funds</b>	13	<u>(89,144)</u>	<u>(95,170)</u>

Approved by the Board and authorised for issue on 19 September 2008

  
Julian Lee  
Director

**Bloodstone Ventures Plc**  
**Consolidated cash flow statement**  
**For the period ended 30 June 2008**

	<b>Note</b>	<b>£</b>	<b>Period ended 30 June 2008 £</b>
<b>Net cash outflow from operating activities</b>	<b>16</b>		<b>(437,787)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		6	
Interest paid		(8,123)	
<b>Net cash outflow for returns on investments and servicing of finance</b>			<b>(8,117)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible assets		(1,588)	
<b>Net cash outflow for capital expenditure</b>			<b>(1,588)</b>
<b>Net cash outflow before management of liquid resources and financing</b>			<b>(447,492)</b>
<b>Financing</b>			
Issue of ordinary share capital		495,687	
Issue of preference share capital		50,000	
Other new long term loans		12,364	
Other new short term loans		24,728	
<b>Net cash inflow from financing</b>			<b>582,779</b>
<b>Increase in cash in the period</b>	<b>17, 18</b>		<b>135,287</b>

**Bloodstone Ventures Plc**  
**Notes to the consolidated financial statements**  
**For the period ended 30 June 2008**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The accounts have been prepared on a going concern basis although the Group has net liabilities. The directors believe this to be appropriate as the Group has engaged the services of an international investment bank, for the purpose of raising substantial financing in the Autumn of 2008 to meet the Group's capital requirement for future investment.

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

**1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2008. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**1.4 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	33 3% straight line
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**1.6 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be able to be offset against future taxable profits.

**1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**Bloodstone Ventures Plc**  
**Notes to the consolidated financial statements**  
**For the period ended 30 June 2008**

<b>2</b>	<b>Operating loss</b>	<b>2008</b>
		<b>£</b>
	Operating loss is stated after charging	
	Depreciation of tangible assets	530
	Loss on foreign exchange transactions	1,724
		<u>1,724</u>

**Auditors' remuneration**

Fees payable to the group's auditor for the audit of the group's annual accounts (company £2000, 2007 £0)	2,000
Accountancy and bookkeeping services provided by auditor	3,350
	<u>5,350</u>

<b>3</b>	<b>Interest payable</b>	<b>2008</b>
		<b>£</b>
	On other loans wholly repayable within five years	2,102
	Other interest	6,021
		<u>8,123</u>

<b>4</b>	<b>Taxation</b>	<b>2008</b>
		<b>£</b>
	<b>Foreign corporation tax</b>	
	Foreign corporation tax	2,065
		<u>2,065</u>
	<b>Current tax charge</b>	<b>2,065</b>

**Factors affecting the tax charge for the period**

Loss on ordinary activities before taxation	(582,556)
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Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0%	-
Effects of	
Foreign tax adjustments	2,065

<b>Current tax charge</b>	<b>2,065</b>
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The company has estimated losses of £ 587,680 available for carry forward against future trading profits

**Bloodstone Ventures Plc**  
**Notes to the consolidated financial statements**  
**For the period ended 30 June 2008**

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**5 Loss for the financial period**

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows

	<b>2008</b>
	<b>£</b>
Holding company's loss for the financial period	(590,857)

# Bloodstone Ventures Plc

## Notes to the consolidated financial statements

For the period ended 30 June 2008

### 6 Tangible fixed assets

#### Group

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 22 February 2007	-
Additions	1,588
	<hr/>
At 30 June 2008	1,588
	<hr/>
<b>Depreciation</b>	
At 22 February 2007	-
Charge for the period	530
	<hr/>
At 30 June 2008	530
	<hr/>
<b>Net book value</b>	
At 30 June 2008	1,058
	<hr/> <hr/>

#### Tangible fixed assets (continued)

#### Company

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 22 February 2007	-
Additions	1,588
	<hr/>
At 30 June 2008	1,588
	<hr/>
<b>Depreciation</b>	
At 22 February 2007	-
Charge for the period	530
	<hr/>
At 30 June 2008	530
	<hr/>
<b>Net book value</b>	
At 30 June 2008	1,058
	<hr/> <hr/>



# Bloodstone Ventures Plc

## Notes to the consolidated financial statements

For the period ended 30 June 2008

### 7 Fixed asset investments

#### Company

	Shares in group undertakings
	£
<b>Cost</b>	
At 22 February 2007	-
Additions	500
	<hr/>
At 30 June 2008	500
	<hr/>
<b>Net book value</b>	
At 30 June 2008	500
	<hr/> <hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Bloodstone Ventures Inc	USA	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Bloodstone Ventures Inc	Consultancy

### 8 Debtors

	Group 2008 £	Company 2008 £
Other debtors	1,508	1,508
Prepayments and accrued income	10,028	10,028
	<hr/>	<hr/>
	11,536	11,536
	<hr/> <hr/>	<hr/> <hr/>

# Bloodstone Ventures Plc

## Notes to the consolidated financial statements

For the period ended 30 June 2008

### 9 Creditors - amounts falling due within one year

	Group 2008 £	Company 2008 £
Trade creditors	11,546	11,546
Amounts owed to group undertakings	-	7,049
Corporation tax	2,065	-
Directors current accounts	110,586	110,586
Other creditors	24,728	24,728
Accruals and deferred income	25,736	13,473
	<u>174,661</u>	<u>167,382</u>

### 10 Creditors - amounts falling due after more than one year

	Group 2008 £	Company 2008 £
Other loans	12,364	12,364
Preference shares	50,000	50,000
	<u>62,364</u>	<u>62,364</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	37,092	37,092
Included in current liabilities	(24,728)	(24,728)
	<u>12,364</u>	<u>12,364</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	24,728	12,364
In more than two years but not more than five years	50,000	-
	<u>74,728</u>	<u>12,364</u>

**Bloodstone Ventures Plc**  
**Notes to the consolidated financial statements**  
**For the period ended 30 June 2008**

<b>11 Share capital</b>	<b>2008</b>
	<b>£</b>
<b>Authorised</b>	
1,000,000,000 Ordinary shares of £0.001 each	1,000,000
50,000 Preference shares of £1 each	50,000
	<u>1,050,000</u>
<b>Allotted, called up and fully paid</b>	
3,679,000 Ordinary shares of £0.001 each	<u>3,679</u>

3,678,749 ordinary shares were allotted during the year with a nominal value of £3,678.75. The shares were issued at a premium. The total consideration received was of £495,686.26.

On the 31 March 2008 a share option agreement was set up between Bloodstone Ventures Plc and Sandra Panem. 36,000 ordinary shares at an exercise price of £1 per share can be exercised up till 31 December 2014.

**12 Statement of movements on reserves**  
**Group**

	Share premium account	Profit and loss account
	£	£
Loss for the period	-	(584,621)
Foreign currency translation differences	-	(210)
Premium on shares issued during the year	492,008	-
	<u>492,008</u>	<u>(584,831)</u>
Balance at 30 June 2008	<u>492,008</u>	<u>(584,831)</u>

**Company**

	Share premium account	Profit and loss account
	£	£
Loss for the period	-	(590,857)
Premium on shares issued during the year	492,008	-
	<u>492,008</u>	<u>(590,857)</u>
Balance at 30 June 2008	<u>492,008</u>	<u>(590,857)</u>

**Bloodstone Ventures Plc**  
**Notes to the consolidated financial statements**  
**For the period ended 30 June 2008**

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<b>13</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2008</b>
	<b>Group</b>	<b>£</b>
	Loss for the financial period	(584,621)
	Other recognised gains and losses	(210)
	Proceeds from issue of shares	495,687
		<hr/>
	Net depletion in shareholders' funds	(89,144)
	Opening shareholders' funds	-
		<hr/>
	Closing shareholders' funds	(89,144)
		<hr/>

		<b>2008</b>
	<b>Company</b>	<b>£</b>
	Loss for the financial period	(590,857)
	Proceeds from issue of shares	495,687
		<hr/>
	Net depletion in shareholders' funds	(95,170)
	Opening shareholders' funds	-
		<hr/>
	Closing shareholders' funds	(95,170)
		<hr/>

<b>14</b>	<b>Directors' emoluments</b>	<b>2008</b>
		<b>£</b>
	Compensation for loss of office	40,860
		<hr/>

The Group has paid the following amounts for consultancy services provided by the directors

-Chris Laundry £24,500,

-Redding Consulting, owned by Paul Leibowitz £112,810, and

-Julian Lee £50,000

**Bloodstone Ventures Plc**  
**Notes to the consolidated financial statements**  
**For the period ended 30 June 2008**

**15 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the period was

	<b>2008 Number</b>
Directors	6

**Employment costs**

	<b>2008 £</b>
Wages and salaries	40,860

**16 Reconciliation of operating loss to net cash outflow from operating activities**

**2008  
£**

Operating loss	(574,439)
Depreciation of tangible assets	530
Increase in debtors	(11,536)
Increase in creditors within one year	147,868
Net effect of foreign exchange differences	(210)
<b>Net cash outflow from operating activities</b>	<b>(437,787)</b>

**17 Analysis of net funds**

	<b>22 February 2007</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>30 June 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash				
Cash at bank and in hand	-	135,287	-	135,287
Debts falling due within one year	-	(24,728)	-	(24,728)
Debts falling due after one year	-	(62,364)	-	(62,364)
	-	(87,092)	-	(87,092)
<b>Net funds</b>	<b>-</b>	<b>48,195</b>	<b>-</b>	<b>48,195</b>

# Bloodstone Ventures Plc

## Notes to the consolidated financial statements

For the period ended 30 June 2008

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<b>18 Reconciliation of net cash flow to movement in net debt</b>	<b>2008</b>
	<b>£</b>
Increase in cash in the period	135,287
Cash outflow from decrease in debt	(87,092)
	<hr/>
<b>Movement in net funds in the period</b>	<b>48,195</b>
Opening net position	-
	<hr/>
<b>Closing net funds</b>	<b>48,195</b>
	<hr/>