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ATLAS VENTURE LLP

MEMBER'S REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2008

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COMPANIES HOUSE

RAWLINSON & HUNTER

Chartered Accountants
Eighth Floor 6 New Street Square London EC4A 3AQ

ATLAS VENTURE LLP

MEMBER'S REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2008

ATLAS VENTURE LLP

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ATLAS VENTURE LLP

INFORMATION

Members	Atlas Venture UK Limited Frederic Destin Martin Gibson Graham O'Keeffe (Designated member) Christopher Spray (Designated member)
LLP registered number	OC306943
Registered office	55 Grosvenor Street London W1K 3BW
Auditors	Rawlinson & Hunter Chartered Accountants & Registered Auditor Eighth Floor 6 New Street Square New Fetter Lane London EC4A 3AQ
Bankers	HSBC Bank Plc 79 Piccadilly London W1V 0EU

ATLAS VENTURE LLP

MEMBERS' REPORT For the year ended 31 December 2008

The members submit their annual report and the audited financial statements of Atlas Venture LLP ("the LLP") for the year ended 31 December 2008.

STATEMENT OF MEMBER'S RESPONSIBILITIES

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law as applied to limited liability partnerships by Regulation 3 of the Limited Liability Partnerships Regulations 2001 requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing those financial statements the members are required to:

- select suitable accounting policies and 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 LLP will continue in business.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 as applied to limited liability partnerships by Regulation 3 of the Limited Liability Partnership Regulations 2001. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the members have had a regard to the substance of the reported transaction or arrangement, in accordance with the generally accepted accounting principles or practice.

So far as each of the members is aware at the time the report is approved:

- there is no relevant audit information of which the LLP's auditors are unaware, and
- the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ATLAS VENTURE LLP

MEMBERS' REPORT (continued) For the year ended 31 December 2008

MEMBERS

The members of the LLP who served during the year and subsequently were:

Atlas Venture UK Limited
Sonali De Rycker (resigned 28 April 2008)
Frederic Destin
Martin Gibson
Gerard Montanus * (resigned 31 March 2008)
Graham O'Keeffe #
Christopher Spray *

* Denotes designated member

Appointed designated member on 11 February 2008

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the LLP is to provide advisory services to other group companies in respect of venture capital investments.

The results for the year are shown on page 7. The members consider the results to be in line with their expectations.

MEMBER'S CAPITAL

Under the terms of the Member's Agreement, each non-salaried Member contributed £500 in capital on becoming a member of the LLP. The Corporate Member contributed to the capital of the LLP net assets per the transfer agreement. No interest is payable by the LLP on any of the capital contributed by the Members. Member's capital is repayable upon leaving the LLP.

MEMBER'S PROFIT AND LOSSES

Member's profits and losses are allocated between them based on their respective residual profit shares during the financial year. Drawings are paid from time to time as working capital permits and such drawings are based on the Members' profit sharing percentages at the time of payment unless otherwise agreed by the Management Committee.

TAXATION

In accordance with Section 10 of the Limited Liability Partnership Act 2000, any trade, profession or business carried on by the LLP is treated as though that business were carried on in partnership by its members. Accordingly, any liability to taxation is that of the members themselves and not of the LLP. Thus there is no provision for taxation in these accounts.

ATLAS VENTURE LLP

MEMBERS' REPORT (continued)
For the year ended 31 December 2008

FINANCIAL RISK MANAGEMENT

The LLP's activities expose it to a number of financial risks including cash flow risk, credit risk, price risk and liquidity risk. The policies for managing financial risks set by the members are implemented by the LLP's finance department. The finance department follows specific guidelines to manage exchange rate risk, interest risk and credit risk and to assess the circumstances where it would be appropriate to use financial instruments to manage these.

Due to the nature of the LLP's activities and the level of its cash balances, the members are of the opinion that the LLP has minimal exposures to cashflow risk, credit risk, price risk and liquidity risk.

AUDITORS

A resolution proposing that Rawlinson & Hunter be re-appointed as auditors of the LLP will be put to the Annual General Meeting in accordance with relevant legislation.

This report was approved by the members on **15 MAY 2009** and signed on their behalf, by:



Designated member

ATLAS VENTURE LLP

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS VENTURE LLP

We have audited the financial statements of Atlas Venture LLP ("the LLP") for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the LLP's members, as a body, in accordance with Section 235 of the Companies Act 1985, as modified for limited liability partnerships by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITORS

The members' 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 Members' 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, as modified for limited liability partnerships by the Limited Liability Partnerships Regulations 2001.

In addition we report to you if, in our opinion, the LLP has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Members' 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 members 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.

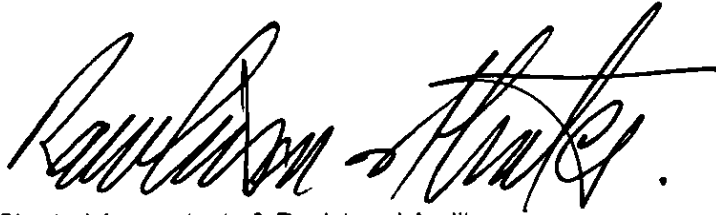
ATLAS VENTURE LLP

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS VENTURE LLP

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 LLP's affairs as at 31 December 2008 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985, as modified for limited liability partnerships by the Limited Liability Partnerships Regulations 2001.



Chartered Accountants & Registered Auditor

Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Date:

20 May 2009.

ATLAS VENTURE LLP

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Note	2008 £	2007 £
TURNOVER	2	4,507,452	5,689,485
Administrative expenses		<u>(2,644,317)</u>	<u>(2,969,116)</u>
OPERATING PROFIT	4	1,863,135	2,720,369
Interest receivable	3	<u>29,271</u>	<u>32,343</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		<u>£ 1,892,406</u>	<u>£ 2,752,712</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		1,892,406	2,752,712
Salaried remuneration of members		<u>(1,609,287)</u>	<u>(2,086,601)</u>
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>£ 283,119</u>	<u>£ 666,111</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

The notes on pages 11 to 17 form part of these financial statements.

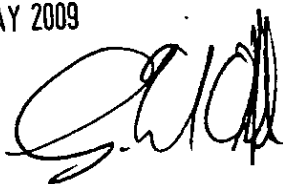
ATLAS VENTURE LLP

BALANCE SHEET
As at 31 December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible fixed assets	8	256,532	290,944
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	9	352,071	340,548
Debtors: amounts falling due within one year	9	1,705,790	1,513,136
Cash at bank and in hand		292,319	739,263
		<u>2,350,180</u>	<u>2,592,947</u>
CREDITORS: amounts falling due within one year	10	<u>(942,530)</u>	<u>(892,717)</u>
NET CURRENT ASSETS		<u>1,407,650</u>	<u>1,700,230</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£ 1,664,182</u></u>	<u><u>£ 1,991,174</u></u>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR			
Other amounts		283,119	615,111
EQUITY			
Members' capital		1,381,063	1,376,063
		<u><u>£ 1,664,182</u></u>	<u><u>£ 1,991,174</u></u>
TOTAL MEMBERS' INTERESTS			
Amounts due from members (included in debtors)		(8,248)	(7,052)
Loans and other debts due to members		283,119	615,111
Members' other interests		1,381,063	1,376,063
		<u><u>£ 1,655,934</u></u>	<u><u>£ 1,984,122</u></u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on **15 MAY 2009**

Designated member



The notes on pages 11 to 17 form part of these financial statements.

ATLAS VENTURE LLP

RECONCILIATION OF MEMBERS' INTERESTS

	Members' capital (classified as equity) £	Other reserves £	Total members' other interests £	Loans and debts due to members less any amounts due from members in debtors £	Total £
Amounts due to members b/fwd				615,111	
Amounts due from members b/fwd				(7,052)	
Members' interests: balance as 1 January 2008	1,376,063	-	1,376,063	608,059	1,984,122
Members remuneration	-	-	-	1,609,287	1,609,287
Profit for the year available for discretionary division among members	-	283,119	283,119	-	283,119
Members' interests after profit for the year	1,376,063	283,119	1,659,182	2,217,346	3,876,528
Allocated profit for period	-	(283,119)	(283,119)	283,119	-
Drawings	-	-	-	(2,225,594)	(2,225,594)
Capital amounts introduced by members	6,000	-	6,000	-	6,000
Capital amounts repaid to members	(1,000)	-	(1,000)	-	(1,000)
Members' interests at 31 December 2008	£ 1,381,063	£ -	£ 1,381,063	£ 274,871	£ 1,655,934
Amounts due to members				283,119	
Amounts due from members				(8,248)	
				£ 274,871	

ATLAS VENTURE LLP

CASH FLOW STATEMENT
For the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash flow from operating activities	13	1,795,712	3,862,123
Returns on investments and servicing of finance	14	14,348	16,073
Capital expenditure and financial investment	14	(36,410)	(17,270)
Net cash flow from transactions with members	14	3,804	-
CASH INFLOW BEFORE FINANCING		1,777,454	3,860,926
Financing	14	(2,224,398)	(3,404,619)
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (446,944)	£ 456,307

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 15)
For the year ended 31 December 2008

	2008 £	2007 £
(Decrease)/Increase in cash in the year	(446,944)	456,307
MOVEMENT IN NET FUNDS IN THE YEAR	(446,944)	456,307
Net funds at 1 January 2008	739,263	282,956
NET FUNDS AT 31 DECEMBER 2008	£ 292,319	£ 739,263

The notes on pages 11 to 17 form part of these financial statements.

ATLAS VENTURE LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements also comply with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in March 2006. The significant accounting policies adopted in the preparation of the financial statements are set out below.

1.2 PENSION COSTS

Pension costs in respect of contributions to the Group Stakeholder Pension Fund are charged against profits as incurred.

1.3 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Life of the lease
Fixtures & fittings	-	5 years
Plant & machinery	-	3 years

1.4 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.6 TAXATION

In accordance with Section 10 of the Limited Liability Partnership Act 2000, any trade, profession or business carried on by the LLP is treated as though that business were carried on in partnership by its members. Accordingly, any liability to taxation is that of the members themselves and not of the LLP. Thus there is no provision for taxation in these accounts.

ATLAS VENTURE LLP

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

2. TURNOVER

All of the LLP's income is derived from its principal activity, providing advisory services to other group companies in respect of venture capital investment.

All turnover arose in the United Kingdom.

3. INTEREST RECEIVABLE

	2008 £	2007 £
Bank interest receivable	14,348	16,073
Other interest receivable	14,923	16,270
	<u>£ 29,271</u>	<u>£ 32,343</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the LLP	69,895	96,493
Auditors' remuneration	17,525	11,350
Auditors' remuneration - non-audit	18,067	2,750
Operating lease rentals:		
- other operating leases	322,894	380,672
Difference on foreign exchange	365	573
Loss/(profit) on sale of tangible fixed assets	927	(395)

ATLAS VENTURE LLP

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008**

5. STAFF COSTS

Staff costs, including members' remuneration under contracts of employment, were as follows:

	2008 £	2007 £
Wages and salaries	1,011,282	917,255
Social security costs	110,502	97,507
Other pension costs	4	15
	<u>£ 1,121,788</u>	<u>£ 1,014,777</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	2008 No.	2007 No.
Management and administration	<u>14</u>	<u>15</u>

6. INFORMATION IN RELATION TO MEMBERS

	2008 No.	2007 No.
The average number of members during the year was	<u>5</u>	<u>6</u>
	£	£
The average members remuneration during the year was	<u>£ 321,857</u>	<u>£ 343,000</u>

7. MEMBERS' REMUNERATION

	2008 £	2007 £
Emoluments	<u>£ 1,609,287</u>	<u>£ 2,086,601</u>

The highest paid member received remuneration of £518,916 (2007 - £625,804) including profits allocated for the period.

ATLAS VENTURE LLP

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

8. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Fixtures and fittings £	Plant and machinery £	Total £
Cost				
At 1 January 2008	428,197	186,153	301,833	916,183
Additions	-	-	36,690	36,690
Disposals	-	(328)	(113,876)	(114,204)
At 31 December 2008	428,197	185,825	224,647	838,669
Depreciation				
At 1 January 2008	194,961	163,431	266,847	625,239
Charge for the year	32,277	8,861	28,757	69,895
On disposals	-	(328)	(112,669)	(112,997)
At 31 December 2008	227,238	171,964	182,935	582,137
Net book value				
At 31 December 2008	£ 200,959	£ 13,861	£ 41,712	£ 256,532
At 31 December 2007	£ 233,236	£ 22,722	£ 34,986	£ 290,944

9. DEBTORS

	2008 £	2007 £
Due after more than one year		
Other debtors	240,000	243,400
Prepayments and accrued income	112,071	97,148
	£ 352,071	£ 340,548
Due within one year		
Trade debtors	11,753	23,911
Amounts owed by group undertakings	1,520,538	1,272,884
Other debtors	26,792	56,365
Prepayments and accrued income	138,459	152,924
Amounts due from members	8,248	7,052
	£ 1,705,790	£ 1,513,136

ATLAS VENTURE LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

10. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	63,390	145,620
Amounts owed to group undertakings	627,974	494,812
Social security and other taxes	25,447	26,405
Accruals and deferred income	225,719	225,880
	<u>£ 942,530</u>	<u>£ 892,717</u>

11. PENSION SCHEME

The pension costs charge for the year represents contributions paid to the Group Stakeholder Pension Fund, on behalf of employees. The charge for the year amounted to £4 (2007 - £15). At the year end, there was £Nil (2007 - £Nil) of pension contributions unpaid and this amount is included in creditors.

12. OPERATING LEASE COMMITMENTS

At 31 December 2008 the LLP had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008 £	2007 £
EXPIRY DATE:		
After more than 5 years	<u>322,000</u>	<u>322,000</u>

13. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	1,863,135	2,720,369
Depreciation of tangible fixed assets	69,895	96,493
Loss/(profit) on sale of tangible fixed assets	927	(395)
(Increase)/decrease in debtors	(188,058)	724,745
Increase in creditors	49,813	320,911
NET CASH INFLOW FROM OPERATIONS	<u>£ 1,795,712</u>	<u>£ 3,862,123</u>

ATLAS VENTURE LLP

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

14. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2008 £	2007 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 14,348	£ 16,073
	<u>2008</u> £	<u>2007</u> £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(36,690)	(17,665)
Sale of tangible fixed assets	280	395
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (36,410)	£ (17,270)
	<u>2008</u> £	<u>2007</u> £
TRANSACTIONS WITH MEMBERS		
Payments to members	(2,196)	-
Contributions by members	6,000	-
NET CASH INFLOW FROM TRANSACTIONS WITH MEMBERS	£ 3,804	£ -
	<u>2008</u> £	<u>2007</u> £
FINANCING		
Drawings	(2,224,398)	(3,404,619)
NET CASH OUTFLOW FROM FINANCING	£ (2,224,398)	£ (3,404,619)

15. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2008 £	Cash flow £	Other non-cash changes £	31 December 2008 £
Cash at bank and in hand	739,263	(446,944)	-	292,319
NET FUNDS	£ 739,263	£ (446,944)	£ -	£ 292,319

ATLAS VENTURE LLP

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

16. RELATED PARTY TRANSACTIONS

The LLP undertakes transactions with Atlas Venture UK Limited, its parent undertaking and a Member of the LLP, Atlas Venture Advisors, Inc., an affiliate, and the subsidiary undertakings of Atlas Venture Advisors, Inc. in the normal course of business. These transactions are undertaken on an arm's length basis.

	Sales £	Debtor £	Creditor £
2008			
Atlas Venture GmbH	-	-	15,287
Atlas Venture SARL	-	1,003	-
Atlas Venture, Inc.	-	-	46,250
Atlas Venture Advisors, Inc.	4,507,452	1,515,412	-
Atlas Venture BV	-	4,123	-
Atlas Venture UK Limited	-	-	566,437
2007			
Atlas Venture GmbH	-	21,969	-
Atlas Venture SARL	-	23,588	-
Atlas Venture, Inc.	-	-	96,724
Atlas Venture Advisors, Inc.	5,689,485	1,227,327	-
Atlas Venture BV	-	-	9,491
Atlas Venture UK Limited	-	-	388,597