

**REGISTRAR'S COPY**

**COMPANY NUMBER** 3928553

**Cassian Investments Plc**  
*(formerly Dealstore II Plc*  
*and E-Cap II Plc)*

Report and Financial Statements

Period from 18 February 2000 to  
30 June 2001



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**CASSIAN INVESTMENTS PLC**

**Financial statements for the period from 18 February 2000 to 30 June 2001**

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Directors

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**Directors**

J D A Aspinall  
G Baker  
A J G Bilton  
A D Pereira

**Secretary and registered office**

N R Gordon, 21 Knightsbridge, London, SW1X 7LY

**Company number**

3928553

**Auditors**

BDO Stoy Hayward, Emerald House, East Street, Epsom, Surrey KT17 1HS

**Chairman's statement**

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**Review and outlook**

Your Board has considered a wide range of potential acquisition targets this year and in particular a North American Biotechnology fund management company. However with the volatility in the financial markets and declining valuations your Board felt it prudent to withdraw from these acquisitions. The Directors feel that further uncertainty will throw up better opportunities for the Company as cash is a rare commodity in this difficult market.

The Directors continue to investigate numerous ideas and opportunities and remain convinced that a suitable investment opportunity at a sensible valuation will arise at some stage in the near future.

**Financial results**

The results for the period to 30 June 2001 show a loss of £46,520. The loss is after a charge of £50,661 in relation to abortive costs incurred in investigating the potential acquisition of a biotechnology company.

The company, together with its current cash resources and outstanding calls on its issued share capital, would have funds available of in excess of £4 million to effect a suitable acquisition.



**Chairman**

25 September 2001

# CASSIAN INVESTMENTS PLC

## Report of the directors for the period ended 30 June 2001

The directors present their report together with the audited financial statements for the period from 18 February 2000 to 30 June 2001.

### Principal activities, results, review of the business and future developments

Cassian Investments Plc was incorporated on 18 February 2000 and commenced business on 10 October 2000. The company was established as a cash shell to identify a single transaction whereby the Company would acquire, or would be acquired by, an undertaking suitable for admission to a regulated market.

The company changed its name from Dealstore II Plc to E-Cap II Plc on 17 March 2000. The company then changed its name from E-Cap II Plc to Cassian Investments Plc on 2 October 2000. The result for the period is shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend.

There have been no events since the balance sheet date which materially affect the position of the company.

### Directors

The directors who served during the period and their interests in the shares, options and similar interests of the company were as follows:

	Warrants 30 June 2001	Warrants 18 February 2000*	Issued and partly paid to 0.25p per share: Ordinary shares of 1p each		Issued and fully paid: Ordinary shares of 1p each	
			30 June 2001	18 February 2000*	30 June 2001	18 February 2000*
J D A Aspinall (appointed 4/10/00)	-	-	-	-	-	-
G Baker (appointed 4/10/00)	5,000,000	-	2,500,000	-	-	-
A J G Bilton (appointed 4/10/00)	-	-	-	-	-	-
A D Pereira (appointed 4/10/00)	1,250,000	-	-	-	-	-

\* or date of appointment if later

The company has granted options to J D A Aspinall and A J G Bilton to purchase 5,000,000 ordinary shares each. Further details of the directors share options are shown in note 2.

In addition Chalfen Nominees Limited and Chalfen Secretaries Limited were both appointed as directors on incorporation and resigned on 4 October 2000.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 departure 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 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.

**CASSIAN INVESTMENTS PLC**

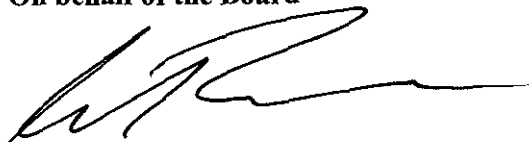
**Report of the directors for the period ended 30 June 2001**

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**Auditors**

BDO Stoy Hayward were appointed as first auditors during the period and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**On behalf of the Board**



A D Pereira  
**Director**

25 September 2001

## CASSIAN INVESTMENTS PLC

### Report of the independent auditors to the shareholders of Cassian Investments Plc

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#### To the shareholders of Cassian Investment Plc

We have audited the financial statements of Cassian Investments Plc for the period ended 30 June 2001 on pages 6 to 13 which have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 Directors' Report 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### *Basis of 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.


CASSIAN INVESTMENTS PLC

Report of the independent auditors to the shareholders of Cassian Investments Plc

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**

*Chartered Accountants  
and Registered Auditors  
Epsom, Surrey*

Date 26 September 2001

**CASSIAN INVESTMENTS PLC**

**Profit and loss account for the period from 18 February 2000 to 30 June 2001**

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	Note	Period from 18 February 2000 to 30 June 2001 £
Administrative expenses		77,755
<b>Operating loss</b>	3	<u>(77,755)</u>
Interest receivable		35,820
<b>Loss on ordinary activities before taxation</b>		<u>(41,935)</u>
Taxation on loss from ordinary activities		(4,585)
<b>Loss on ordinary activities after taxation</b>		<u>(46,520)</u>
<b>Loss per share</b>	5	<u>(0.06p)</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 9 to 13 form part of these financial statements.



CASSIAN INVESTMENTS PLC

Balance sheet at 30 June 2001

	Note	30 June 2001 £
<b>Current assets</b>		
Called up share capital not paid	6,8	1,514,362
Prepayments and accrued income		407
Cash at bank and in hand		1,208,162
		<hr/>
		2,722,931
<b>Creditors: amounts falling due within one year</b>	7	(37,448)
		<hr/>
<b>Net assets</b>		2,685,483
		<hr/> <hr/>
<b>Capital and reserves</b>		
Share capital	8	634,787
Share premium	10	2,097,216
Profit and loss account	10	(46,520)
		<hr/>
<b>Equity shareholders' funds</b>		2,685,483
		<hr/> <hr/>

The financial statements were approved by the Board on 25 September 2001



A J G Bilton  
Director

The notes on pages 9 to 13 form part of these financial statements.

**CASSIAN INVESTMENTS PLC**

**Cash flow statement for the period from 18 February 2000 to 30 June 2001**

<b>Reconciliation of operating profit to net cash inflow</b>		<b>30 June 2001</b>
		<b>£</b>
Operating loss		(77,755)
Increase in debtors		(407)
Increase in creditors		32,863
		<hr/>
<b>Net cash outflow from operating activities</b>		<b>(45,299)</b>
		<hr/> <hr/>
		<b>30 June 2001</b>
		<b>£</b>
<b>Cash flow statement</b>		
<b>Net cash outflow from operating activities</b>		<b>(45,299)</b>
<b>Returns on investments and servicing of finance</b>		
Interest received		35,820
		<hr/>
<b>Net cash inflow from returns on investment and servicing of finance</b>		<b>35,820</b>
		<hr/>
<b>Cash outflow before management of liquid resources and financing</b>		<b>(9,479)</b>
<b>Management of liquid resources</b>		
Increase in short term deposits		(1,175,435)
		<hr/>
<b>Cash outflow from management of liquid resources</b>		<b>(1,175,435)</b>
<b>Financing</b>		
Issue of ordinary share capital		1,269,575
Expenses paid in connection with share issues	10	(51,934)
		<hr/>
<b>Cash inflow from financing</b>		<b>1,217,641</b>
<b>Increase in cash in the period</b>		<b>32,727</b>
		<hr/> <hr/>
		<b>30 June 2001</b>
		<b>£</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase in cash in the period		32,727
Cash outflow from increase in liquid resources		1,175,435
		<hr/>
<b>Movement in net funds in the period and net funds at 30 June 2001</b>	<b>9</b>	<b>1,208,162</b>
		<hr/> <hr/>

The notes on pages 9 to 13 form part of these financial statements.

# CASSIAN INVESTMENTS PLC

Notes forming part of the financial statements for the period ended 30 June 2001

## 1 Accounting policies

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

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

### *Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

## 2 Directors

No director received any emoluments from the company during the period.

The share options of the directors are set out below:

	18 February 2000 number	Granted number	Exercised number	30 June 2001 number	Exercise price	Date from which exercisable	Expiry date
J D A Aspinall	-	5,000,000	-	5,000,000	2p	1 November 2000	30 October 2007
A J G Bilton	-	5,000,000	-	5,000,000	2p	1 November 2000	30 October 2007

## 3 Operating loss

30 June  
2001  
£

This is stated after charging:

Auditors remuneration:

- audit services	4,700
- non audit services	5,288

## 4 Taxation on loss for ordinary activities

UK corporation tax	4,585
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## 5 Loss per share

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the financial period. The weighted average number of shares in issues is 80,589,718 and the earnings, being the loss after tax, are (£46,520).

Diluted earnings per share are not disclosed because earnings per share will not be diluted as a result of the exercise of share options and warrants

## CASSIAN INVESTMENTS PLC

Notes forming part of the financial statements for the period ended 30 June 2001 *(Continued)*

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### 6 Called up share capital not paid

Section 101(1) of the Companies Act 1985 provides that a public company shall not allot a share except as paid up at least as to one-quarter of its nominal value and the whole of any premium on it. Called up share capital not paid represents the difference between the minimum call required by the Act and the actual calls made on 201,915,000 shares issued during the period as required under Section 101(3) (see note 8).

Section 101(4) of the Companies Act states that the allottees of any shares allotted in such circumstances are also liable to pay the company interest on any such amounts not paid up. The directors do not expect the company to claim interest on the amounts unpaid and no income has been recognised in the financial statements in this respect.

### 7 Creditors: amounts falling due within one year

Corporation tax	4,585
Accruals and deferred income	32,863
	<hr/>
	37,448
	<hr/> <hr/>

# CASSIAN INVESTMENTS PLC

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

## 8 Share Capital

At 30 June 2001, the share capital of the company was as follows:

	Number	£
<i>Authorised:</i>		
Ordinary shares of 1p each	500,000,000	5,000,000
<i>Issued and fully paid:</i>		
Ordinary shares of 1p each	13,000,000	130,000
<i>Issued and partly paid to 0.25p per share</i>		
Ordinary shares of 1p each	201,915,000	504,787
	<u>214,915,000</u>	<u>634,787</u>

The Company was incorporated on 18 February 2000 with two subscriber shares of 1p each, and an authorised share capital of £5,000,000 divided into 500,000,000 Ordinary Shares of 1p each.

On 10 October 2000 the Company issued a further 2,499,998 Ordinary Shares of 1p each at 2p per share, which were fully paid.

On 1 November 2000 10,500,000 Ordinary Shares of 1p each were issued for cash fully paid at 2p per share and warrants to subscribe for 57,625,000 Ordinary Shares were issued exercisable at 2p per share. At the same time subscription rights over 13,000,000 Ordinary Shares (which also entitled the subscribing shareholders to warrants to subscribe for four Ordinary Shares of 1p each for each Ordinary Share of 1p each in respect of which such subscription rights are exercised) were granted and the Company granted options to certain directors to subscribe for 10,000,000 Ordinary Shares of 1p each. All the above warrants, subscription rights and options are exercisable at 2p per Ordinary Share at any time up to 1 November 2007.

On 29 November 2000 96,275,000 Ordinary Shares of 1p each were issued at 2p per share partly paid as to 0.25p nominal value per share and warrants to subscribe for an aggregate of 24,068,750 Ordinary Shares of 1p each exercisable at 2p per share at any time during the period of seven years from the date of allotment.

On 2 January 2001, the company issued 105,640,000 Ordinary Shares of 1p each at 2p per share partly paid as to 0.25p nominal value per share.

CASSIAN INVESTMENTS PLC

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

8 Share capital (*continued*)

The balance on the partly paid shares will be payable upon the directors resolving to make such call. However, any call remaining outstanding will become payable in the event that submission is granted to deal in any shares of the company on a regulated market.

Summary of allotments are as follows:

	Number	Cash issues £	Not paid £ (note 6)	Nominal value £	Share premium £ (note 10)
<i>Ordinary shares of 1p each fully paid:</i>					
Subscriber shares	2	-	-	-	-
10 October 2000	2,499,998	50,000	-	25,000	25,000
1 November 2000	10,500,000	210,000	-	105,000	105,000
	<u>13,000,000</u>	<u>260,000</u>	<u>-</u>	<u>130,000</u>	<u>130,000</u>
<i>Ordinary shares of 1p each partly paid to 0.25p nominal value per share</i>					
29 November 2000	96,275,000	481,375	722,062	240,687	962,750
2 January 2001	105,640,000	528,200	792,300	264,100	1,056,400
	<u>214,915,000</u>	<u>1,269,575</u>	<u>1,514,362</u>	<u>634,787</u>	<u>2,149,150</u>

At 30 June 2001, the following subscription rights, warrants and share options were outstanding in respect of ordinary shares of 1p each.

Date of grant	Number	Period of exercise	Price per share
Warrants to subscribe:			
1 November 2000	57,625,000	November 2000 - October 2007	2p
1 November 2000	52,000,000	November 2000 - October 2007	2p
29 November 2000	24,068,750	November 2000 - November 2007	2p

**CASSIAN INVESTMENTS PLC**

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

**8 Share capital (*continued*)**

<b>Date of grant</b>	<b>Number</b>	<b>Period of exercise</b>	<b>Price per share</b>
Subscription rights:			
1 November 2000	13,000,000	November 2000 - October 2007	2p
Share options:			
1 November 2000	10,000,000	November 2000 - October 2007	2p

**9 Analysis of net funds**

	<b>Cash flow £</b>	<b>At 30 June 2001 £</b>
Cash in hand and at bank	32,726	32,726
Liquid resources	1,175,435	1,175,435
	<hr/>	<hr/>
<b>Total</b>	<b>1,208,161</b>	<b>1,208,161</b>
	<hr/> <hr/>	<hr/> <hr/>

**10 Reserves**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>
Premium of shares issued (note 8)	2,149,150	-
Share issue costs	(51,934)	-
Retained loss for the period	-	(46,520)
	<hr/>	<hr/>
<b>At 30 June 2001</b>	<b>2,097,216</b>	<b>(46,520)</b>
	<hr/> <hr/>	<hr/> <hr/>